CITY OF
ARLINGTON, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025

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PREPARED BY THE FINANCE DEPARTMENT

Jim Ross
Mayor

Trey Yelverton
City Manager

Spenser Slider
Finance Director

Amy Mapes, CPA, CGFO
Controller

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CITY OF ARLINGTON, TEXAS
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
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March 10, 2026

To the Honorable Mayor, the Members of Governing Council and Citizens of the City of Arlington (City):

State law requires that every general-purpose local government publish, within six months after the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement and in accordance with the City Charter for the fiscal year ended September 30, 2025.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Forvis Mazars, LLP has issued an unmodified "clean" opinion on the City's financial statements for the year ended September 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

City Profile: Overview and Governance

Established in 1884, Arlington is centrally located in the Dallas-Fort Worth-Arlington metropolitan area, approximately 8 miles south of Dallas/Fort Worth International Airport. The City encompasses 99.7 square miles and serves an estimated population of 413,955 residents.

Arlington is a municipal corporation and political subdivision of the State of Texas operating under a home rule charter. The City is governed under a Council-Manager form of government, with legislative authority vested in an elected City Council (Council) consisting of a Mayor and eight Council members. The Mayor and three Council members are elected at large, and five Council members are elected by district. Elected officials may serve up to three consecutive three-year terms, or a maximum of nine years in office. Additional information on elected official terms is on page nine of this report.

The City Manager, appointed by the Mayor and Council, serves as the chief executive officer of the municipal government and is responsible for the administration of all City operations. The Council also appoints members to various boards, commissions, and authorities to provide advisory support to municipal governance.

Arlington offers a wide range of municipal services designed to meet the needs of its residents, businesses, and visitors. These services include police and fire protection, emergency medical services, and other public safety programs, water supply, wastewater treatment, and stormwater management; airport operations and aviation services; planning, construction, and maintenance of streets, drainage, and other infrastructure. In addition, the City offers parks, recreation programs, cultural events, and community engagement initiatives that enhance the quality of life and foster a vibrant, inclusive community.

The City's financial reporting entity includes seven discretely presented component units, which are fully described in the MD&A and the notes to the financial statements (see Note I.B.). Together, these entities reflect the City's overall responsibility for providing comprehensive municipal services and the resources required to support them.

Financial Planning and Policies

Arlington demonstrates proactive financial stewardship through careful legislative oversight and budgetary control at the fund level. Utilizing tools such as a multi-year financial plan, capital improvement program, and annual operating budget, the City ensures responsible and sustainable fiscal management. Budgetary decisions are guided by an annual evaluation of comprehensive financial policies and are reported with full transparency to the public.

Committed to innovation, City staff continually refine processes and policies while cultivating strong partnerships with local and regional nonprofit and for-profit organizations. Programs and services are strategically designed to meet community needs, with an emphasis on long-term sustainability. Driven by a dedication to enhancing the quality of life for Arlington residents, the City's management and staff consistently uphold the highest standards of professionalism, efficiency, and excellence.

Long-Term Financial Planning

Over the past several years, Arlington has navigated evolving economic conditions, including periods of growth in sales tax and property revenues, followed by recent slowdowns and structural changes in core revenue sources. The City remains committed to balancing these fiscal challenges while ensuring the continued delivery of essential municipal services. Through careful long-term planning, including multi-year financial projections and a capital improvement program, Arlington sustains safe streets, clean water, emergency response, parks, libraries, and other programs that enhance residents' quality of life.

The FY26 budget reflects this commitment, representing a balanced plan grounded in thoughtful prioritization, long-term planning, and a resolute focus on service delivery. By responding to evolving economic pressures with agility, transparency, and purpose, the City ensures it can meet both current and future community needs while maintaining fiscal responsibility and high-quality services for its residents.

A strong and diverse local economy underpins this fiscal stability. The top five major employers listed below account for approximately 15.7% of the total employment of the City, illustrating the breadth and strength of Arlington's workforce:

EMPLOYER	BUSINESS TYPE	NUMBER OF EMPLOYEES
General Motors Company	Auto Assembly/Financial	10,500
Arlington Independent School District	Public Education	8,600
University of Texas at Arlington	Higher Education	8,600
Texas Health Resources	Healthcare	4,000
Six Flags Over Texas	Amusement Park	3,900

Major taxpayers include General Motors Company, Oncor Electric Delivery, Loews Hotels Holding Corporation, Parks at Arlington LP, and United Parcel Service Inc./BT-OH LLC, making up approximately $1.3B, or 3.0%, of the City's assessed value.

Arlington has consistently taken a proactive approach to managing its financial health, maintaining a built-in conservative bias. City leaders remain committed to careful oversight of the City's fiscal condition and will continue to take practicable measures to safeguard Arlington's strong general obligation bond ratings: Aa1 from Moody’s Investors Service, AAA from Standard & Poor’s and AA+ from Fitch.

The FY26 budget represents Arlington's best effort to navigate cascading challenges and external constraints. This balanced budget is a product of thoughtful prioritization, long-term planning, and an unwavering focus on service. It positions the City to continue meeting residents' needs, adapt to change, and sustain the core functions that define our role in this community. In a time of evolving economic pressures, Arlington moves forward with clarity, transparency, and purpose, emphasizing agility and resilience rather than retreat.

Council has identified the following key priorities for the upcoming year:

→ Enhance Mobility
→ Grow Our Economy
→ Preserve Financial Stability and Resilience
→ Strengthen Our Communities

From FY25 to FY26, the Council's priorities have evolved to address changing community needs, economic conditions, and long-term fiscal considerations. For FY26, the focus has shifted to a more strategic and streamlined set of priorities, placing a stronger emphasis on long-term sustainability, fiscal resilience, and targeted outcomes that align with Arlington's vision to empower residents to live their best lives and achieve their version of the American Dream.

Major Initiatives and Highlights

National Medal of Honor Museum

In March 2025, Arlington opened the National Medal of Honor Museum, a 100,000-square-foot facility in the City's Entertainment District featuring 31,000 square feet of exhibition galleries. The museum highlights the history of the Medal of Honor and the stories of American heroes, including Arlington native and World War II recipient Colonel Neel E. Kearby. Designed for residents and visitors of all ages, the museum supports educational programs, tourism, and community engagement, contributing to the City's goals of economic development, cultural enrichment, and civic pride.

E-Space North American Headquarters and Airport Development

The City is partnering with global telecommunications and satellite manufacturer E-Space to develop a 480,000-square-foot manufacturing and office facility, including a hangar, parking, and an airport access road connecting to the future MLK Drive. Managed by the Arlington Economic Development Corporation (EDC), the project will create over 2,000 high-wage, high-tech jobs, generate $8 billion in salaries, and provide $27 million in net benefits to the City, Tarrant County, and Arlington ISD over a 30-year period.

This initiative positions Arlington as a hub for aerospace research and development, supports Council priorities to grow the economy, and leverages the Arlington Municipal Airport and surrounding area for strategic economic development. Financing uses EDC sales tax revenues, with no new taxes for residents, and the project also diversifies the City's commercial property tax base, reducing the burden on residential taxpayers. Groundbreaking occurred in fall 2025, with completion expected in spring 2027.

ACTIV - 50+ Adult Recreation Center

In March 2025, Arlington opened ACTIV, a 73,000-square-foot state-of-the-art recreation center for adults ages 50 and older. Approved by voters in a 2017 bond election, ACTIV offers a wide range of indoor and outdoor amenities, including a full-court gymnasium, lap and hydrotherapy pools, pickleball courts, fitness areas, walking trails, and social spaces such as lounges, arts and crafts rooms, and event areas.

The center provides recreational, fitness, and social programming, including sports leagues for basketball, volleyball, pickleball, and cornhole, designed to encourage active lifestyles, community engagement, and wellness for older adults. ACTIV memberships are valid across all City recreation centers, supporting Arlington's broader goals of health, well-being, and quality of life for residents.

Salcomp U.S. Headquarters and Arlington Expansion

Salcomp, a global leader in power supply and electronic components manufacturing headquartered in Finland, is establishing its U.S. headquarters in Arlington and expanding operations at its existing local facility. The project will create 660 new positions, including 156 high-paying roles averaging $122,000 annually, with a focus on hiring local residents and UT Arlington graduates over the next three to five-year period. The EDC is supporting the expansion through a performance-based agreement to offset infrastructure and site improvement costs, including a job hiring grant. The project also includes retrofitting the facility to add three new production lines, strengthening Arlington's position as a hub for high-tech manufacturing and innovation while fostering economic growth, workforce development, and commercial diversification in the City.

Arlington Water Utilities Recognition

The City's Water Utilities Department was recently recognized by the Texas Commission on Environmental Quality (TCEQ) for overall excellence in operating a public water system. Arlington received two prestigious awards at the TCEQ Public Drinking Water Conference: the Outstanding Public Drinking Water System Award and the Outstanding Cross Connection Control Program Award. Arlington was one of only two public water systems in Texas to receive the first award and the sole recipient of the second, reflecting the department's commitment to public health, water safety, and operational

reliability. Managing more than $6 billion in infrastructure, over 3,000 miles of underground pipes, two modern treatment plants, and ten elevated storage tanks, Arlington Water Utilities ensures safe, reliable, and sustainable water service while exceeding regulatory requirements and promoting water conservation for the community.

AT&T Stadium Debt Early Redemption

In August 2025, the City redeemed $84.5M of its AT&T Stadium debt a decade early, saving more than $150 million in interest and fees compared to the original projections. Voters approved the City's $325 million contribution in 2004, funded through a combination of sales, hotel occupancy, and rental car taxes, to bring the Dallas Cowboys to Arlington. The debt early redemption reflects favorable revenue performance, strategic refinancing, and early redemption, demonstrating fiscal stewardship and long-term financial planning. AT&T Stadium, with a capacity of 100,000, has hosted numerous high-profile sports and entertainment events, including Super Bowl XLV, record-setting WWE events, and major concerts, and is scheduled to host nine 2026 FIFA World Cup games. This milestone underscores Arlington's vision of leveraging world-class facilities to boost economic development, create jobs, and enhance the City's reputation as a premier sports and entertainment destination.

Major Events Planning and Tourism Initiatives

Arlington is preparing to host nine matches of the 2026 FIFA World Cup, including a semifinal, the most games of any U.S. city - drawing an estimated 3.8 million visitors with up to 100,000 international fans daily. In anticipation, the Council is focusing on transportation, public safety, community engagement, and beautification through initiatives such as Clean Arlington, while coordinating business outreach, volunteer programs, and sustainability planning to ensure a successful, world-class event. In addition, in March 2026, the 2026 INDYCAR Grand Prix of Arlington will feature a 2.73-mile track through the Entertainment District, showcasing iconic landmarks including AT&T Stadium and Globe Life Field. These high-profile events underscore Arlington's role as a premier sports and entertainment destination, support economic growth through tourism and local business activity, and reinforce the City's commitment to strategic event planning and community engagement.

Other notable 2025 accomplishments include:

Economic Development and Redevelopment Projects

SFC LLP opened its headquarters, consolidating its staff of over 60 employees and marking the first new corporate headquarters in downtown Arlington in 40 years. This project underscores Downtown Arlington's revitalization, supporting commercial growth, attracting new tenants, and promoting a vibrant, mixed-use urban core. Collectively, these projects reflect the City's strategic commitment to economic growth, cultural enrichment, and sustainable community development.

The Caravan Court Hotel redevelopment, expected to open in May 2026, transforms the former Caravan Motel site into a 145-room boutique hotel featuring a luxury retro-style 'motor court' concept, restoring historic elements like the iconic Caravan Motor Hotel sign and further connects the Entertainment District with Downtown Arlington.

Ongoing investments at Six Flags Over Texas and Hurricane Harbor, including a multi-year expansion with new thrill rides, a massive interactive kids' area, and a record-breaking dive coaster are slated for 2026. These enhancements strengthen Arlington's position as a premier regional tourism and entertainment destination, boosting economic activity and visitation.

The City utilizes tax abatements and Chapter 380 agreements as a strategic tool to increase and strengthen the commercial tax base, attract and retain businesses, create new, high-quality jobs, and foster economic growth. These agreements generate long-term benefits by encouraging private investment and enhancing the City's overall economic vitality, providing community development that enhances the overall quality of life for residents. The City currently has seven abatement agreements and 35 Chapter 380 agreements. As a result of the City's tax abatement and rebate program, the property tax base has increased by more than $1.7 billion with property growth of 2,183% over the base value year.

Meeting Community Needs

The Arlington Police Department's Drone as First Responder (DFR) Program - among the first in the nation to receive Federal Aviation Administration approval - improves response times by providing rapid, real-time aerial support to officers

before they arrive on the scene. The program enhances situational awareness and officer safety while operating under clear policies, regulatory oversight, and public reporting requirements to ensure responsible use and protection of privacy.

Arlington Water Utilities launched a mobile app to provide customers with convenient, real-time access to the City's Know Your H2O portal. The app allows residents to view and pay bills, monitor water usage by hour, day, or month, and receive alerts for unusually high consumption. This initiative supports the City's ongoing efforts to promote water conservation, enhance customer service, and help residents manage usage and costs more effectively.

The City launched a redesigned ArlingtonTX.gov website to improve accessibility, usability, and customer service. Developed using resident feedback, the site features topic-based navigation, a mobile-first design, enhanced search functionality, and quick access to high-demand services and information. New tools such as Hot Topics, Top Tasks, and an interactive "My Area" map help residents more easily find services, locations, and City resources, supporting greater transparency and engagement.

Arlington Tomorrow Foundation
The foundation was created to ensure that the financial proceeds from the City's natural gas drilling efforts continue to benefit Arlington and its residents for generations. Each year, the interest from the endowment is distributed as grants to local non-profits and government entities, supporting initiatives that enhance the lives of residents and preserve Arlington's natural environment and quality of life. In 2025, the Foundation approved over $4.8 million in grants for projects aimed at fostering safe, vibrant neighborhoods and promoting enriching leisure, educational, and cultural activities.

Awards and Acknowledgments

The City has received multiple awards and accreditations including:

- Distinguished Budget Presentation Award for FY2025 Budget
- National Procurement Institute's Annual Achievement of Excellence in Procurement for 2025
- All six Transparency Stars for Traditional Finance, Contracts & Procurement, Economic Development, Public Pensions, Debt Obligations, and Open Government & Compliance from the Texas Comptroller
- Charging Smart Program - Bronze designation for achieving policies that facilitate the expansion of electric vehicles and EV charging infrastructure
- Commission for Accreditation of Park and Recreation Agencies (CAPRA)
- Texas Gold Medal Winner for excellence in the field of Park and Recreation Management
- Commission on Accreditation for Law Enforcement Agencies (CALEA)
- Emergency Management Accreditation Program (EMAP) Accredited
- American Public Works Association (APWA) Accredited Agency
- ProLiteracy Accreditation
- Association of Metropolitan Water Agencies (AMWA) Gold Award winner for exceptional utility performance

The preparation of this report would not have been possible without the dedication and expertise of the Finance Department staff. Their commitment to excellence, along with the unwavering support of the Mayor and Council, ensures that Arlington maintains the highest standards of professionalism in financial management.

Respectfully submitted,

Trey Yelverton
City Manager

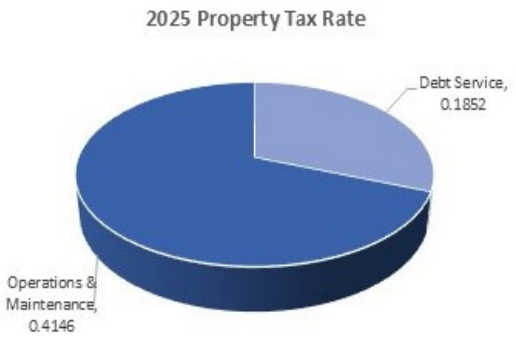
Spenser Slider

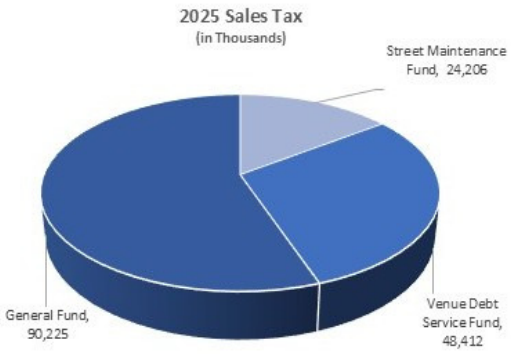
Spenser Slider
Finance Director

Local Economic Indicators

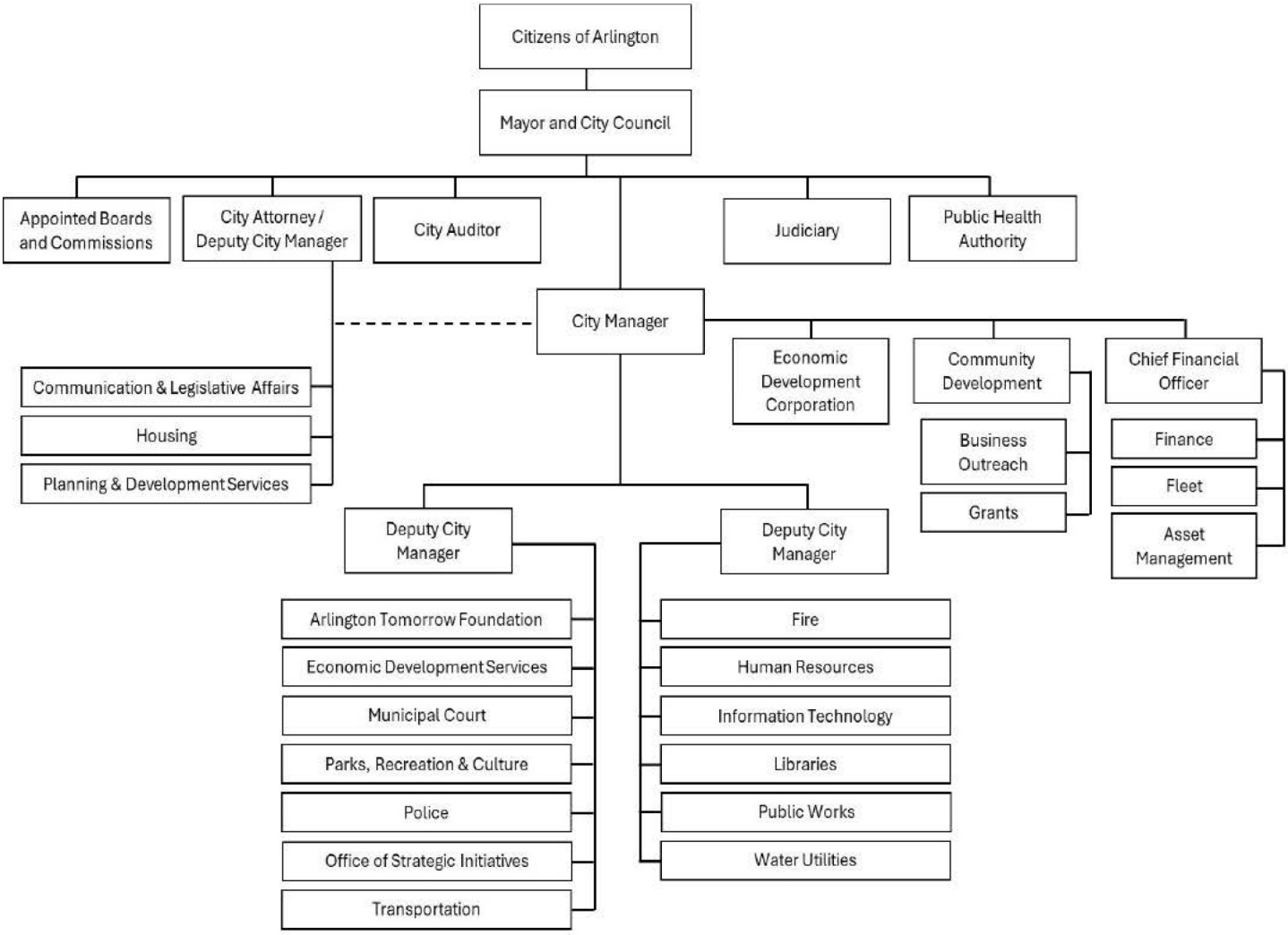
	2025	2024	2023
Property Tax Base (in thousands)*	(tax year 2024)	(tax year 2023)	(tax year 2022)
Personal	$ 4,309,485	$ 4,342,217	$ 3,983,806
Real Estate	$ 39,579,796	$ 38,930,751	$ 37,003,405
Mineral Lease Properties	$ 43,402	$ 59,377	$ 418,095
Agricultural Properties	$ 392	$ 396	$ 386
Total	$ 43,933,075	$ 43,332,741	$ 41,405,692
Property Tax Rate			
Operations	0.4146	0.4080	0.4030
Debt Service	0.1852	0.1818	0.1968
Total	0.5998	0.5898	0.5998
Sales Tax (in thousands)			
Collections	162,843	165,531	160,596
Annual Growth	-1.62%	3.07%	3.05%
Population	413,955	411,167	405,420
General Obligation Debt per Capita	1,514	1,724	1,652
Labor Force	227,013	234,994	231,982
Unemployment Rate	4.00%	3.80%	3.80%
Housing starts permits issued	440	413	673
Foreclosure (residential and commercial)	88	65	65
Occupancy Rates			
Office	89.50%	88.40%	88.70%
Industry	94.30%	94.00%	95.40%
Retail	95.90%	95.30%	95.30%

*Certified appraisal Roll; does not include properties under protest or supplemental information.





City of Arlington Organization Chart



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City of Arlington Texas
List of Elected and Appointed Officials
as of September 30, 2025

Elected Officials

Mayor	Jim Ross
City Council Member - District 1	Mauricio Galante
City Council Member - District 2	Raul H. Gonzalez
City Council Member - District 3	Nikkie Hunter
City Council Member - District 4	Andrew Piel
City Council Member - District 5	Rebecca Boxall
City Council Member - District 6	Long Pham
City Council Member - District 7	Bowie Hogg
City Council Member - District 8	Dr. Barbara Odom-Wesley

Appointed Officials

City Manager	Trey Yelverton
City Attorney	Molly Shortall
City Auditor	Susan Edwards
Presiding Municipal Court Judge	Leticia Evans
Associate Municipal Court Judge	Teresa Evans
Associate Municipal Court Judge	Danielle Dulaney
Associate Municipal Court Judge	Matt Dixon
Part-time Associate Municipal Court Judge	Ashley Johnson
Part-time Associate Municipal Court Judge	JoAnn Reyes
Part-time Associate Municipal Court Judge	Kathleen Weisskopf

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Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Arlington, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, Texas (City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Arlington Convention and Visitors Bureau, Inc., or the Arlington Tourism Public Improvement District, discretely presented component units of the City, which represent 4%, 4%, and 17% of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units as of September 30, 2025. Additionally, we did not audit the financial statements of the Part-Time, Seasonal, and Temporary Employees Deferred Income Plan, a fiduciary component unit of the City, which represent 0.5%, 0.7%, and 0.3% of the assets, net position, and revenues/additions, respectively, of the aggregate remaining fund information as of September 30, 2025. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Arlington Convention and Visitors Bureau, Inc.; the Arlington Tourism Public Improvement District; and the Part-Time, Seasonal, and Temporary Employees Deferred Income Plan are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison, and pension and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, including the combining financial statements, individual fund budgetary comparison schedules, and the schedules of capital assets used in the operation of governmental funds, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining financial statements, individual fund budgetary comparison schedules, and the schedules of capital assets used in the operation of governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

Dallas, Texas
March 10, 2026

ARLINGTON
SM
THE AMERICAN DREAM CITY

CITY OF ARLINGTON, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2025 (Unaudited)

As management of the City of Arlington (City), we offer residents and other readers of the City's financial statements this management discussion and analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial statements of the City for the fiscal year ended September 30, 2025, focusing on why amounts changed from the prior year. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found beginning on page one of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This is the portion of the ACFR on which the auditors express an opinion. The report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements include the governmental activities, the business-type activities, and the City's discretely presented component units.

The *statement of net position* presents financial information on all the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, sanitation, culture and recreation, and community development. The business-type activities of the City include a water and sewer operation, a stormwater operation, and an aviation operation.

The government-wide financial statements include not only the City itself (known as the *primary government),* but also seven legally separate component units. For fiscal year 2025, the City was financially responsible for the Arlington Housing Authority (AHA), Arlington Convention and Visitors Bureau (ACVB), Arlington Housing Finance Corporation (AHFC), Arlington Tomorrow Foundation (ATF), Arlington Economic Development Corporation, the Arlington Convention Center Development Corporation (ACCDC), and Arlington Tourism Public Improvement District (ATPID). Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 31-33 of this report.

Fund Financial Statements
A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds
Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and Streets Capital Projects Fund, all of which are major funds. Data from the other governmental funds are combined into a single aggregated nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. During fiscal year 2025, the Convention and Event Services Fund is presented as a nonmajor governmental fund. In the prior year, this fund was reported as a major fund. The change in classification reflects a reduction in the fund's financial activity relative to total governmental funds, and it no longer meets the criteria for major fund reporting under generally accepted accounting principles. Accordingly, the fund's balances are included within nonmajor governmental funds in the current year. Prior-year amounts have not been restated, and readers should consider this change when comparing year-to-year results.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found beginning on page 34 of this report.

Proprietary Funds
The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, stormwater utilities, and aviation operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its retained risks and for its fleet services. Because both services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer (major fund), Stormwater Utility (major fund), and Aviation (nonmajor) funds. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found beginning on page 38 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for which the City acts as trustee or custodian. Resources held in fiduciary funds are *not* available to support the City's own programs and therefore are *not* reported in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The City reports two different fiduciary funds. The *Pension and Other Employee Benefit trust funds* are used to report resources held in trust for *Part Time Deferred Income Trust* and the *Disability Income Plan*. The *Part-Time, Seasonal, and Temporary Employees Deferred Income Plan (PSTDIP)* was frozen effective April 4, 2024. The City terminated the *PSTDIP* effective August 1, 2025. The City also reports one custodial fund, the *Escrow Fund,* to report resources, not in a trust, that are held by the City for other parties outside of the City as a reporting entity.

The fiduciary fund financial statements can be found beginning on page 42 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The City uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies). The notes to the financial statements can be found beginning on page 45 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information.* The City presents budgetary comparison schedules for the General Fund and the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on page 99 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds and pension (and other employee benefit) trust funds are presented immediately following the required supplementary information on budgetary comparisons, and pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 117-145 of this report.

Financial Summary and Detailed Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $3.2B, at the close of the most recent fiscal year, an increase of $139.1M from the previous year.

City of Arlington's Net Position

(Amounts Expressed in Millions)

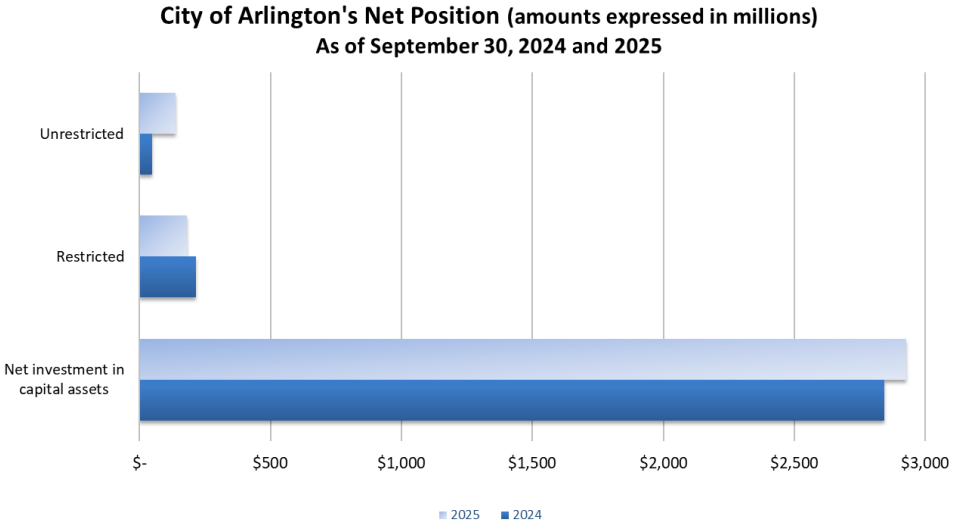
For the Years Ended September 30,

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Current and other assets	$ 752	$ 646	$ 386	$ 466	$ 1,138	$ 1,112
Capital, lease, SBITA, and PPP assets	3,056	3,089	1,136	1,179	4,192	$ 4,268
Total assets	3,808	3,735	1,522	1,645	5,330	5,380
Total deferred outflows of resources	96	51	6	3	102	55
Long-term liabilities outstanding	1,359	1,152	371	413	1,730	1,565
Other liabilities	141	135	67	63	208	198
Total liabilities	1,500	1,287	438	476	1,938	1,763
Total deferred inflows of resources	380	410	5	14	385	424
Net position:						
Net investment in capital assets	1,998	2,049	846	878	2,844	2,927
Restricted for debt service	86	33	54	70	139	103
Restricted for special revenue	59	70	-	-	59	70
Restricted for use of impact fees	17	7	-	-	17	7
Restricted for net OPEB asset	-	-	-	-	-	-
Restricted for net pension asset	1	1	-	-	1	1
Unrestricted	(137)	(71)	186	210	49	139
Total net position	$ 2,024	$ 2,090	$ 1,085	$ 1,159	$ 3,109	$ 3,248

*Some amounts may not foot and cross-foot due to rounding

By far the largest portion of the City's net position, $2.93B (90.1%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, and infrastructure), net of accumulated depreciation/amortization and less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of $181.9M (5.6%) represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the City's unrestricted net position was a surplus balance of $138.9M (4.3%) and may be used to meet the government's ongoing obligations to citizens and creditors.



Governmental Activities
Total assets decreased by $73M during the fiscal year, primarily due to a decline in accounts receivable and cash and cash equivalents. Accounts receivable decreased significantly due to lower outstanding balances related to sales tax, leases, public/private partnerships (PPP), and other receivables, reflecting the collection of prior-year amounts and the absence of certain one-time revenues recognized in the previous year. Cash and cash equivalents also declined by $98.6M, largely as a result of the use of available resources to fund operations, capital projects, and debt service during the fiscal year. Together, these factors contributed to the overall decrease in total assets at year-end.

Other liabilities decreased by $6M during the fiscal year, primarily due to reductions in accounts payable and accrued liabilities and a decrease in the current portion of special tax revenue debt. Accounts payable and accrued liabilities declined as outstanding vendor, payroll, and other short-term obligations at year-end were lower than in the prior year. In addition, the current special tax revenue debt liability decreased as a result of bond redemptions that occurred on January 15, 2025 and August 15, 2025. These redemptions reduced short-term debt obligations and contributed significantly to the overall decrease in current liabilities.

Long-term liabilities, which consist of bonds, notes, leases, subscription-based IT arrangements, compensated absences and postemployment benefit obligations, decreased by $206.9M from the previous year. The total OPEB liability decreased $4.3M. The City's net pension liability for the year decreased by $38.2M.

Business-Type Activities
Total assets increased by $123.6M during the fiscal year, primarily due to an increase in capital assets. This increase reflects ongoing investments in the City’s water and wastewater infrastructure, including treatment facilities, pipelines, and related equipment, as well as improvements and expansions to existing assets to meet service demands. Long-term liabilities increased by $42M during the fiscal year, primarily due to the issuance of additional revenue bonds.

The City's overall net position increased $139.1M from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

City of Arlington's Changes in Net Position

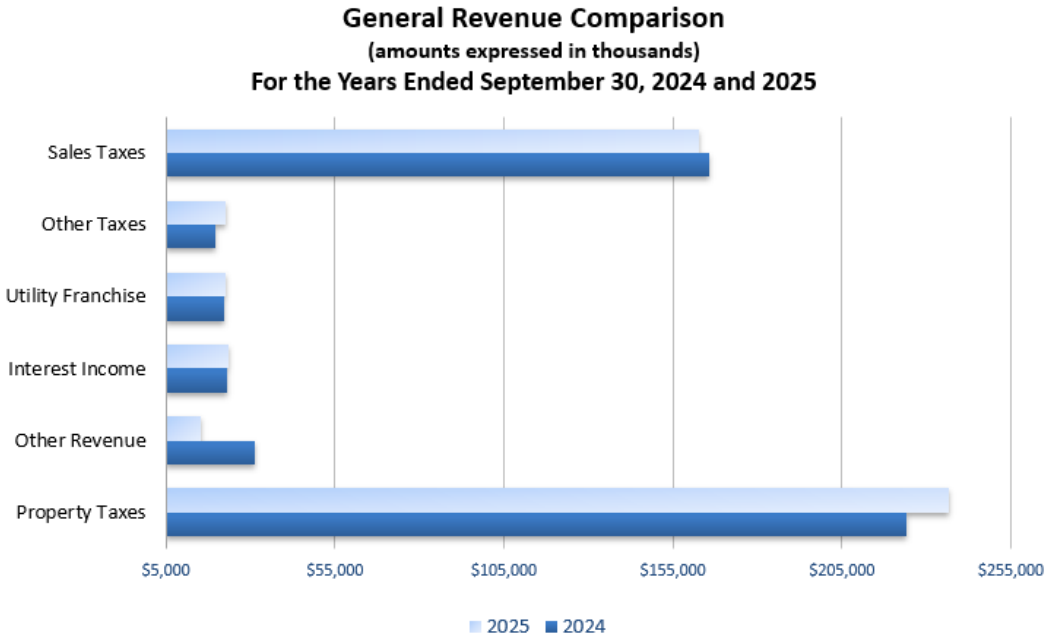
(Amounts expressed in thousands)
For the Years Ended September 30,

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Revenues						
Program Revenues:						
Charges for services	$ 71,485	$ 77,101	$ 229,755	$ 251,601	$ 301,240	$ 328,702
Operating grants and contributions	37,160	42,122	-	9,612	37,160	51,734
Capital grants and contributions	2,250	250	6,713	-	8,963	250
General Revenues:						
Taxes	409,411	422,167	-	-	409,411	422,167
Utility franchise fees	22,205	22,489	-	-	22,205	22,489
Interest income	23,233	23,358	15,162	15,632	38,395	38,990
Other	21,020	19,992	11,000	224	32,020	20,216
Total revenues	586,764	607,479	262,630	277,069	849,394	884,548
Expenses						
General government	134,010	124,421	-	-	134,010	124,421
Public Safety	230,108	235,887	-	-	230,108	235,887
Public Works	90,291	100,451	-	-	90,291	100,451
Public Health	4,546	3,267	-	-	4,546	3,267
Parks and recreation	46,366	43,115	-	-	46,366	43,115
Public welfare	16,468	29,369	-	-	16,468	29,369
Convention and event services	22,155	14,702	-	-	22,155	14,702
Interest	38,217	23,963	-	-	38,217	23,963
Water, sewer and storm water, aviation	-	-	163,438	170,243	163,438	170,243
Total expenses	582,161	575,175	163,438	170,243	745,599	745,418
Increase in net position before transfers	4,603	32,304	99,192	106,826	103,795	139,130
Transfers and capital contributions	36,801	33,320	(36,801)	(33,320)	-	-
Increase (decrease) in net position	41,404	65,624	62,391	73,506	103,795	139,130
Net Position, October 1	1,982,690	2,024,094	1,022,679	1,085,070	3,005,369	3,109,164
Net Position, September 30	$ 2,024,094	$ 2,089,718	$ 1,085,070	$ 1,158,576	$ 3,109,164	$ 3,248,294

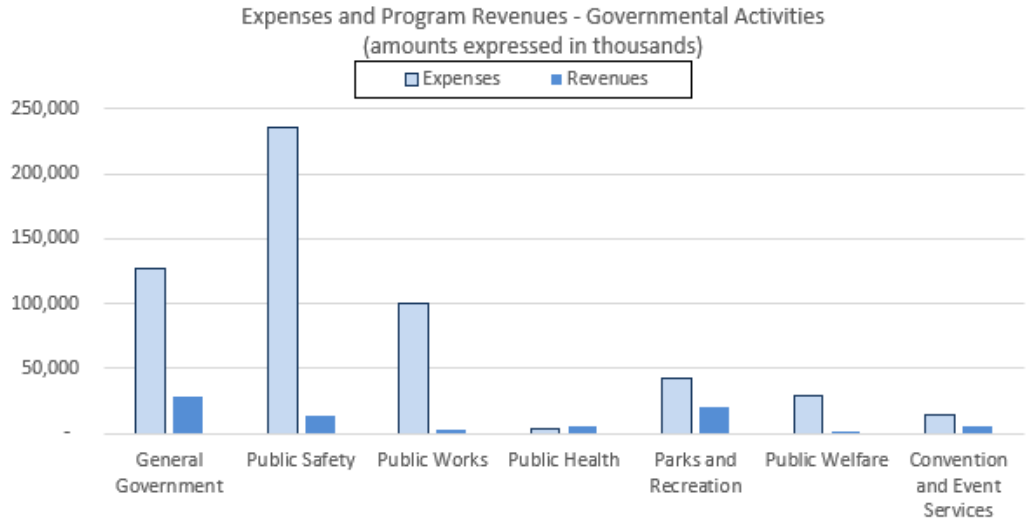
Governmental Activities

During the current fiscal year, net position for governmental activities increased $65.6M from the prior fiscal year resulting in an ending balance of $2.09B. Revenues increased by $20.7M from the prior year. Property tax collections increased from the prior year by about $12.7M. The City experienced slower growth in property tax revenue compared to the prior year, primarily due to the impact of protests, settlements, and litigation activity occurring throughout the year. Residential property values increased by 0.48%, and commercial property values increased by 5.63% compared to the prior year. The property tax rate for 2025 was set at $0.5998 per $100 assessed valuation, up $0.01 from $0.5898 in the prior year. Sales tax revenue for the current year was $162.8M, a decrease of $2.7M from the previous year. The decrease reflects the continued normalization of collections following the significant growth experienced during the post-pandemic period. The elevated growth rates realized after the COVID-19 pandemic were not sustained, and revenues are returning to more typical historical trends. In addition, higher interest rates contributed to reduced consumer spending, further impacting sales tax collections. The City's investments provided investment earnings of $23.4M, a slight increase compared to the prior year.

Expenses decreased during the current year from $582.2M in the prior year to $575.2M in the current year. Public safety expenditures increased by $5.8M, primarily due to higher personnel-related costs. As part of a cost-containment strategy, the City maintained vacancies in both sworn and civilian positions throughout the year. However, this approach resulted in increased overtime and part-time staffing costs to maintain service levels. Public welfare expenses rose by $12.9M, largely attributable to increased transportation grant expenditures associated with expanded program activity and project implementation during the fiscal year. Public Works expenditures increased by $10.2 million over the prior fiscal year, attributable primarily to the increased grant expenditures related to the initiation of multiple infrastructure improvement projects during the current year, particularly the Center Street Corridor Improvements and the Safe Routes to School initiatives. These increases were offset by a $9.6M decrease in general government expenses compared to the prior year, resulting primarily from continued efficiency initiatives and prudent management of discretionary spending. In addition, interest expense decreased by $14.3M, reflecting a reduction in outstanding debt.



As shown in the chart below, revenues generated by the City's programs are not sufficient to cover the costs. The City relies on property taxes, sales taxes, investment income and other general revenues to cover the costs associated with the various programs.



Business-type Activities

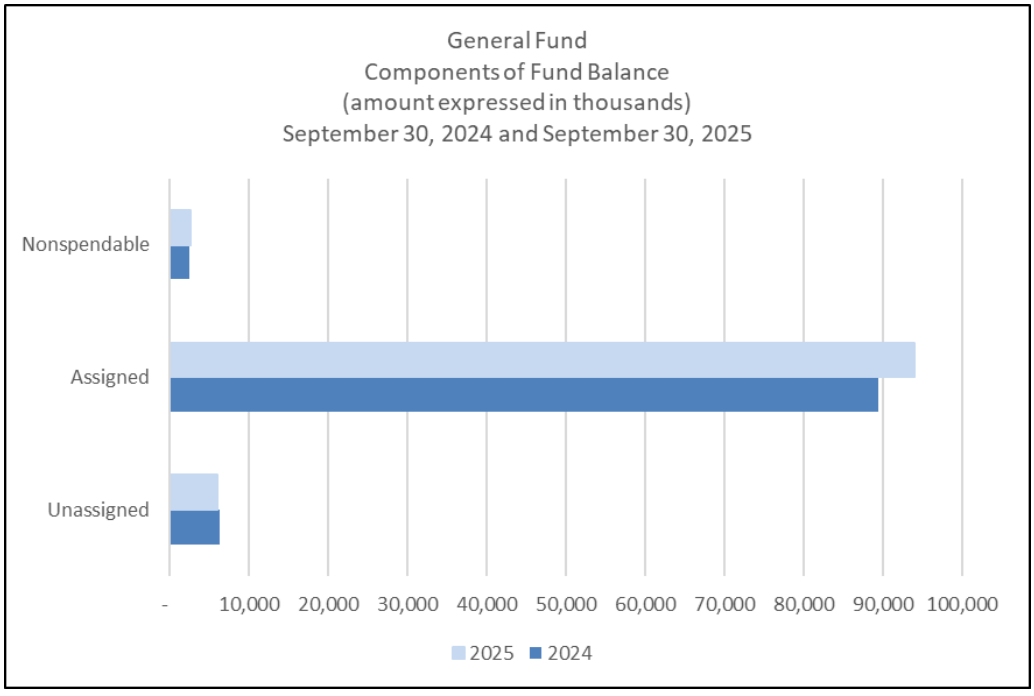
For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of $1.16B. The total increase in net position for business-type activities (water, sewer, and aviation funds) was $73.5M or 5.45% from the prior fiscal year. The increase in overall net position of business-type activities is the result of the increased water and sewer revenue. The revenue increase of $14.4M in business-type activities was largely driven by higher water sales and sewer service revenues reported as service charges, reflecting changes in customer usage, rate adjustments, and continued demand for utility services. In addition, interest earnings increased during the year as a result of higher investment balances and favorable interest rate conditions. Collectively, these factors contributed to the overall growth in revenues for business-type activities in the current year. Expenses increased by $6.8M compared to the prior fiscal year, primarily due to higher costs associated with debt service, chemicals, and rebatable arbitrage. Debt service expenditures rose as a result of increased principal and interest obligations related to outstanding and newly issued debt. Chemical costs increased due to higher prices and usage levels necessary to meet regulatory requirements and maintain service quality. In addition, rebatable arbitrage expenses increased as a result of higher investment earnings on bond proceeds subject to federal arbitrage regulations. Together, these factors contributed to the overall increase in expenses reported for the current year.

Detailed Analysis of Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City reports three major funds individually in the governmental fund financial statements, the General Fund, the Debt Service Fund, and the Streets Capital Projects Fund.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $5.9M, while total fund balance increased to $102.5M. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 1.8% of total general fund expenditures, while total fund balance represents 32.0% of that same amount.



The fund balance of the City's General Fund increased $4.7M during the current fiscal year, resulting in an ending balance of $102.5M. This increase was driven primarily by higher revenues, consistent with trends discussed earlier in the governmental activities section. Property tax revenue increased by $12.7M, which significantly contributed to the improvement in fund balance. In addition, fines and forfeitures increased by $2.4M, largely attributable to significant increases in Municipal Court fines during the year. The City also experienced a modest increase in gas, water, and sanitation franchise fees, reflecting steady utility activity and incremental revenue growth. The City also implemented significant expenditure management measures during the year as it became evident that property and sales tax revenues would be lower than initially projected. In response, the City adopted a “soft” hiring freeze, which limited the filling of vacant positions while allowing for critical operational needs to be addressed. In addition, discretionary spending was curtailed through tighter controls on nonessential purchases, travel, and contractual services. These actions were taken to align expenditures more closely with available resources, preserve fund balance, and maintain the City’s overall financial stability in the face of revenue uncertainty. These revenue increases, combined with the expenditure management measures, contributed to the strengthening of the General Fund’s financial position at year-end.

Debt Service Fund

The Debt Service Fund had a decrease in fund balance during the current year of $52.9M to bring the year-end fund balance to $32.8M. Although tax revenues increased by $3.8M compared to the prior fiscal year, reflecting continued stability in the revenue stream supporting debt repayment, this increase was more than offset by significant debt service activity during the year. The primary factor contributing to the decline in fund balance was the optional redemption of special tax revenue bonds. Specifically, the City redeemed $62.5M of bonds on January 15, 2025, and an additional $22.1M on August 15, 2025. These redemptions reduced outstanding long-term debt and future debt service obligations but resulted in a substantial use of financial resources in the current year, leading to the decrease in the Debt Service Fund’s fund balance at year-end.

Streets Capital Projects

The Streets Capital Projects Fund, the City’s remaining major governmental fund, experienced a decrease in fund balance of $22.4M during the current fiscal year, resulting in an ending fund balance of $115.2M. Overall revenues declined by $3.9M compared to the prior year, primarily due to the absence of intergovernmental contributions recognized in the current year that were received in the prior fiscal year. The decrease in fund balance reflects the continued use of available resources to fund ongoing and planned street improvement projects, as well as the timing of revenue receipts related to capital funding. Despite the decline, the fund balance remains sufficient to support future capital project commitments and planned infrastructure investments.

Detailed Analysis of Enterprise Funds

The City reports two enterprise funds as major funds, the Water Fund and the Stormwater Utility Fund, and one enterprise fund as nonmajor, the Aviation Fund, in the proprietary fund financial statements. The enterprise funds provide the same type of information in the business-type activities portion of the government-wide financial statements, but in more detail.

At the end of the fiscal year, unrestricted net position for the Water Fund and the Stormwater Utility Fund totaled $154.6M and $60.5M respectively, reflecting favorable financial positions and available resources to support ongoing operations and future capital needs. The Aviation Fund reported unrestricted net position of $1.4M, indicating more limited financial flexibility. During the year, total growth in net position amounted to $49.1M for the Water Fund, $17M for the Stormwater Utility Fund, and $8.2M for the Aviation Fund. As discussed earlier in the business-type activities section, the increase in the Water Fund’s net position was driven primarily by higher water sales and sewer service revenues reported as service charges, reflecting changes in customer usage, rate adjustments, and continued demand for utility services. Growth in the Stormwater Utility and Aviation Funds was supported by stable operating revenues and ongoing cost management, contributing to the overall improvement in net position for the City’s business-type activities.

SIGNIFICANT CAPITAL ASSET AND LONG TERM FINANCING ACTIVITY

Capital, Lease, SBITA, and PPP Assets

The City's net investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to $4.3B (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, water treatment plants, lease, SBITA, and PPP assets and stadiums. The total change in capital, lease, SBITA, and PPP assets for the current fiscal year was $76.2M. This is a 1.82% increase over the prior fiscal year.

City of Arlington's Capital, Lease, SBITA, and PPP Assets
(in thousands, net of depreciation and amortization)

	Governmental activities		Business-type activities		Total	
	2024	2025	2024	2025	2024	2025
Land	$ 289,306	$ 291,660	$ 29,916	$ 29,942	$ 319,222	$ 321,602
Buildings and improvements	1,993,152	2,009,114	32,355	41,390	2,025,507	2,050,504
Machinery and equipment	22,954	22,180	762	1,475	23,716	23,655
Construction in progress	214,445	185,763	235,117	244,622	449,562	430,385
Infrastructure	320,785	333,241	-	-	320,785	333,241
Lease and SBITA assets	10,122	9,392	269	66	10,391	9,458
PPP assets	205,372	237,572	-	-	205,372	237,572
Drainage system	-	-	110,506	107,087	110,506	107,087
Water and sewer system	-	-	726,916	754,637	726,916	754,637
Totals	$ 3,056,136	$ 3,088,922	$ 1,135,841	$ 1,179,219	$ 4,191,977	$ 4,268,141

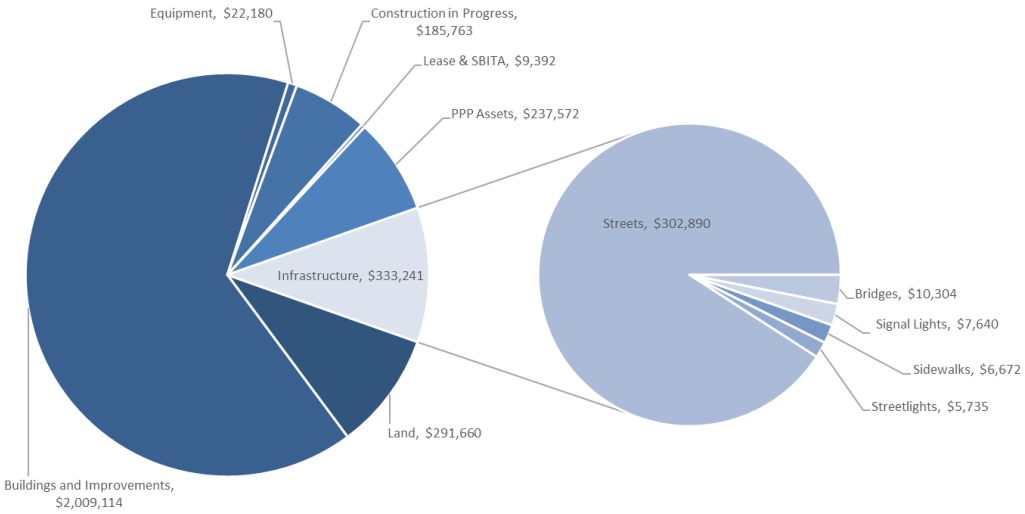
Major capital asset events during the current fiscal year included the following:

- Private developer capital contributions of $9.5M to the City's water and sewer infrastructure in connection with various residential and commercial developments
- Water and sewer system capital improvements and expansion of $39.1M
- Storm drainage system capital improvements and expansion of $21.9M
- Street construction projects capital outlay totaling $29.3M
- Improvements to parks and recreation facilities of $22.9M
- PPP asset addition for the Arlington Convention Center parking facility totaling $36.3M

Both leases and SBITAs are intangible, right to use assets. The City does not own these assets, but rather has the right to use them in operations, as specified in their respective contracts. When entering into a lease or SBITA contract, a liability is also recognized, which is included as part of the long-term financing discussion below.

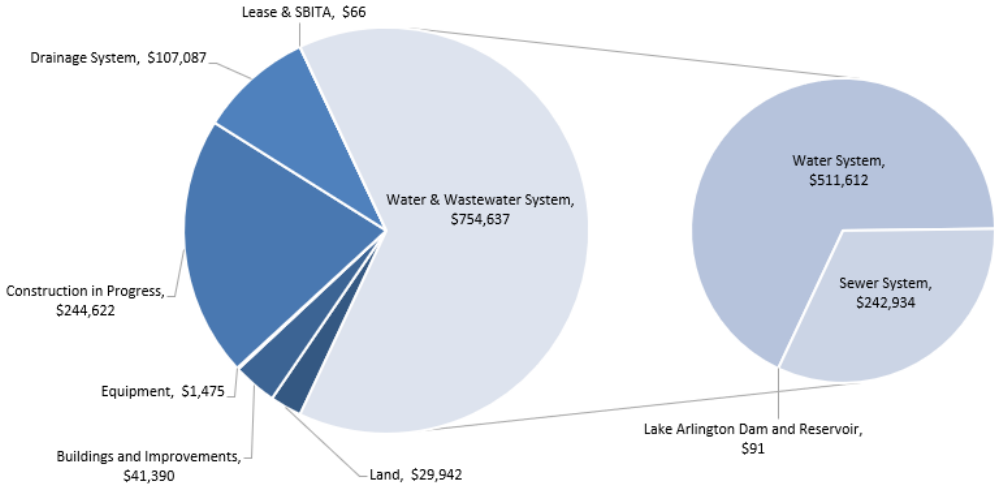
Additional information on the City's capital assets can be found in Note III.5 of this report.

The City's governmental activities infrastructure investment, including accumulated depreciation and amortization, breaks down as follows (in thousands):



Asset	Book Value	Accumulated Depreciation and Amortization	Net Value
Sidewalks	$ 73,101	$ (66,429)	$ 6,672
Streetlights	21,685	(15,950)	5,735
Streets	1,004,735	(701,845)	302,890
Bridges	43,200	(32,896)	10,304
Signal Lights	22,313	(14,673)	7,640
	$ 1,165,034	$ (831,793)	$ 333,241

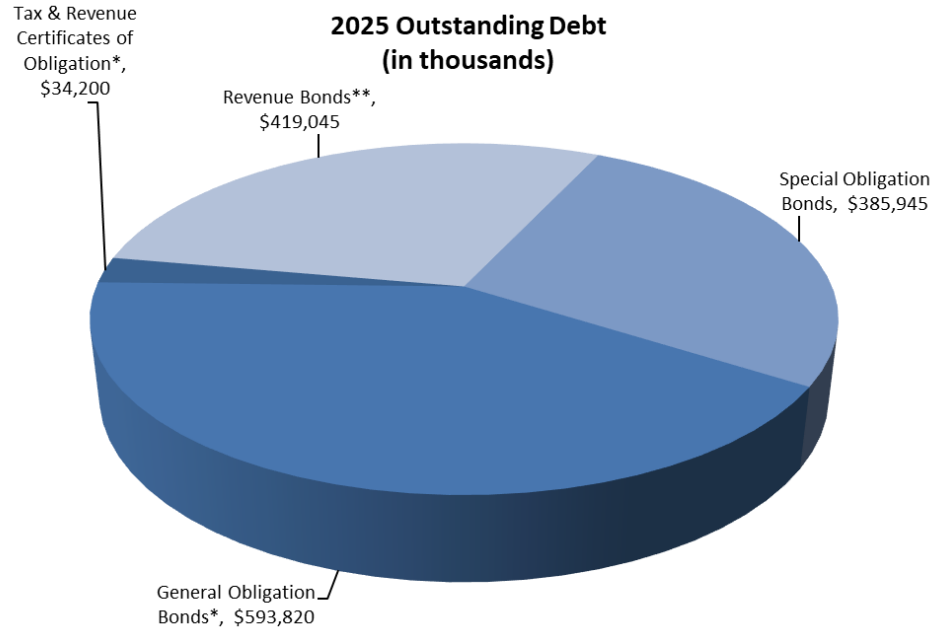
The City's business-type activities infrastructure investment, including accumulated depreciation and amortization, breaks down as follows (in thousands):

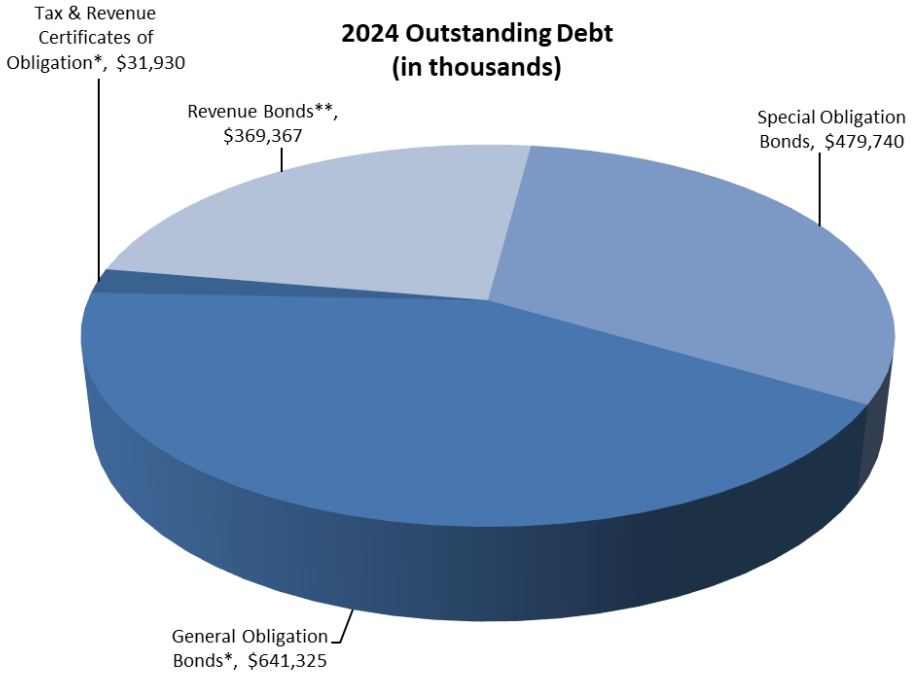


Asset	Book Value	Accumulated Depreciation and Amortization	Net Value
Lake Arlington Dam and Reservoir	$ 2,619	$ (2,528)	$ 91
Water System	822,318	(310,706)	511,612
Sewer System	408,909	(165,975)	242,934
	$ 1,233,846	$ (479,209)	$ 754,637

Long-term Financing

At the end of the current fiscal year, the City had total long-term financing liabilities of $1.4B, composed of general obligation bonds, special obligation bonds, tax and revenue certificates of obligation, revenue bonds, lease liabilities and subscription-based information technology liabilities. During the current year, long-term financing liabilities decreased from the prior year by $90.9M.





**Secured by City Tax Base*

***Secured by Water and Sewer or Drainage Revenue*

City of Arlington's Outstanding Long Term Liability
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
General obligation bonds (backed by the City)	$ 641,325	$ 593,820	$ -	$ -	$ 641,325	$ 593,820
Combination tax and revenue certificates of obligation (backed by the City)	31,930	34,200	-	-	31,930	34,200
Special tax revenue bonds	479,740	385,945	-	-	479,740	385,945
Revenue bonds (backed by fee revenues)	-	-	369,367	419,045	369,367	419,045
Lease liabilities	4,657	3,529	-	-	4,657	3,529
Subscription liabilities	5,787	5,759	392	40	6,179	5,799
Total	$ 1,163,439	$ 1,023,253	$ 369,759	$ 419,085	$ 1,533,198	$ 1,442,338

During the current fiscal year, the City issued $8.2M in Combination Tax and Revenue Certificates of Obligation, $16.6M and $49.6M in Water and Wastewater System Revenue Bonds and $13.2M in Stormwater Revenue Bonds. Footnote 8 in the notes to the financial statements provides more detailed information regarding the City's long-term debt activity.

The City entered into a lease for office space in the current fiscal year in the amount of $1.05M for use by the Water and Utilities Department while improvements are being made to its original facility. Routine lease payments during the year exceeded new lease activity, resulting in an overall decrease in the City's lease liability. In addition, the City entered into several subscription-based information technology arrangements (SBITAs) during the current fiscal year, including contracts related to accounts payable systems designed to enhance internal controls and reduce the risk of fraud. New SBITA activity totaled $2.9M; however, the expiration of several existing agreements resulted in a net decrease in the City's SBITA liability.

In 2025, the City's debt ratings were as follows by type and agency:

	Fitch	S&P	Moody's
City GO/CO		AAA	Aa1
WWS Revenue	AAA		Aa1
Stormwater Revenue	AAA	AAA	
TIRZ Five		BBB	
Venue Senior (Sales Tax/HOT/STMV) - Underlying (Series 2017/2018A & B)	AA+	AA	Aa1
Venue Senior (Sales Tax/HOT/STMV) - Insurance (Series 2017/2018A & B)		AA	
Venue Subordinate (Sales Tax/HOT/STMV) - Underlying (Series 2018C)			Aa2
Venue Subordinate (Sales Tax/HOT/STMV) - Insurance (Series 2018C)		AA	
Stadium (Ticket and Parking Tax)*	NR	NR	NR
Ballpark (Ticket and Parking Tax)*	NR	NR	NR

^ Venue Senior Lien (Series 2017, 2018A & B) – Insured by Assured Guaranty (AG)
^ Venue Subordinate Lien (Series 2018C) – Insured by Build America Mutual Assurance Corp (BAM)
* AMBAC insured / AMBAC no longer rated

General bonded debt per capita decreased from $1,724 in 2024 to $1,572 in 2025.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of net bonded debt to assessed value of all taxable property is 1.52%.

The City maintains a self-insurance program for bodily injury, property damage, personal injury, advertising injury, regulatory injury, and worker's compensation. Claims for worker's compensation over $750,000 per occurrence are covered by a private insurance company. Claim liabilities are actuarially determined and take into consideration claim experience, adjustment expenses, economic, and other factors which can vary considerably from year to year. Total estimated claims liability on September 30, 2025 was $12.3M.

GENERAL FUND BUDGET HIGHLIGHTS

During fiscal year 2025 there were no amendments to the general fund operating budget.

Actual expenditures on a budgetary basis of $365.8M were less than budgeted expenditures of $375.7M. Revenues on a budgetary basis were less than the budgeted amount of $369.6M by $3.5M. Taxes, licenses and permits, and interest revenues were lower than budgeted and are attributable to the variance.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

Each year, the City Council identifies community priorities that guide how to allocate the City's resources. The annual Budget and Business Plan are developed to address the City Council's adopted priorities. The FY 2026 Budget arrives at a pivotal time shaped by evolving economic conditions and structural changes across our region. The City must continue to look for ways to innovate, provide the highest value possible to residents, respond to challenges, and plan. The 2026 Budget focuses on navigating these cascading challenges and external constraints while focusing on long term planning and an unwavering focus on service. General Fund property tax revenues are budgeted at $159.7M and sales taxes decreased to $93.8M. Key budget priorities in 2026 are:

- Enhance regional mobility
- Grow our economy
- Preserve financial stability and resilience
- Strengthen our communities

The City's total General Fund revenues and transfers for 2026 are budgeted at $347.9M, and total General Fund expenditures are expected to be $343M, an increase of $7.5M over 2025.

The General Fund's largest single revenue source is property taxes. This revenue represents 45.6% of the General Fund budget. The property tax rate for 2026 is $0.6298 per $100 valuation. The tax rate is split out into two categories, operations and maintenance, $0.4446 per $100 valuation, to the General Fund, and interest and sinking, $0.1852 per $100 valuation, for debt service. The General Fund property tax revenue for 2026 is estimated to be $158.7M, up $6.7M (4.41%) from last year's estimate.

The City's portion of the local 8.25 cent sales tax rate is two cents. The General Fund receives one cent, one-quarter cent is dedicated to the Street Maintenance Fund, one-quarter cent is dedicated to funding the City's Economic Development Corporation, and one-half cent provides for debt service for venue debt. Sales tax revenue for the General Fund for fiscal year 2026 is estimated at $93.8M, a decrease of $3.4M from 2025 estimates.

The City's Water and Sewer Fund accounts for approximately 30.0% of the City's revenue. The mission of the Water Utilities Department is to provide a continuous supply of high-quality drinking water and ensure safe disposal of wastewater in a responsive, cost-effective manner while continuing to improve service to citizens and planning for future needs. The largest revenue sources for the Water and Sewer Fund is water sales and wastewater treatment budgeted at $105.7M and $102M respectively for FY 2026. The City maintains a rate structure designed to ensure that each category of service is self-supporting.

Details of the City of Arlington Fiscal Year 2026 Operating Budget can be accessed on the City's website: https://www.arlingtontx.gov/Government/Budget-Finance/Budget-Business-Plan

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances and to show the City's fiscal accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, at the City of Arlington, 101 S. Mesquite St., Suite 800, Arlington, TX 76010. The City is also an active member of MSRB's Electronic Municipal Market Access (EMMA), which keeps the Arlington ACFR on file. Additionally, the ACFR can be found on the City's website at http://www.arlington-tx.gov/finance/financial-reports/.

ARLINGTON
SM
THE AMERICAN DREAM CITY

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 415,705	$ 89,462	$ 505,167	$ 96,716
Investments	-	-	-	100,780
Land held for resale	7,653	-	7,653	-
Receivables (net of allowance for uncollectibles):				
Taxes	12,282	-	12,282	-
Sales taxes	24,510	-	24,510	4,062
Trade accounts	-	17,522	17,522	-
Franchise fees	5,207	-	5,207	-
Unbilled trade accounts	-	13,183	13,183	-
Accrued interest	6,612	68	6,680	222
Lease	80,973	10,932	91,905	-
PPP receivable	56,352	-	56,352	-
Other	9,854	1,552	11,406	1,199
Internal balances	6,483	(6,483)	-	-
Due from component units	129	-	129	-
Due from other governments	16,477	-	16,477	-
Inventory of supplies	2,795	4,825	7,620	-
Prepaid items	22	-	22	517
Net pension asset	1,060	-	1,060	-
Net OPEB asset	330	-	330	-
Restricted assets-				
Bond contingency - cash and cash equivalents	-	14,095	14,095	-
Bond contingency-				
Investments	-	23,183	23,183	-
Capital construction - cash and cash equivalents	-	68,913	68,913	-
Capital construction-				
Capital Investments	-	201,031	201,031	-
Escrow	-	17,590	17,590	-
Meter deposits-				
Investments	-	10,071	10,071	-
Capital and Lease Assets-				
Land	291,660	29,942	321,602	12,286
Buildings and improvements	2,743,035	74,925	2,817,960	1,677
Water and sewer system	-	1,233,846	1,233,846	-
Machinery and equipment	170,033	15,060	185,093	6,051
Infrastructure	1,165,034	-	1,165,034	-
Lease and SBITA assets	20,055	583	20,638	-
PPP Asset	244,162	-	244,162	-
Drainage systems	-	172,461	172,461	-
Construction in progress	185,763	244,622	430,385	-
Accumulated depreciation/amortization	(1,730,820)	(592,220)	(2,323,040)	(2,404)
Total Assets	3,735,366	1,645,163	5,380,529	221,106
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on debt refunding	5,679	269	5,948	-
Pension items	34,988	2,432	37,420	-
OPEB items	10,550	728	11,278	-
Total Assets and Deferred Outflows of Resources	3,786,583	1,648,592	5,435,175	221,106

The notes to the financial statements are an integral part of this statement.

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Accounts payable and accrued liabilities	42,094	6,469	48,563	10,879
Unearned revenue	3,337	-	3,337	4,475
Retainage payable	7,946	5,404	13,350	-
Accrued interest	4,522	-	4,522	-
Payable from restricted assets-				
Accounts payable and accrued liabilities	-	4,011	4,011	-
Accrued interest	-	4,196	4,196	-
Meter deposits	-	10,071	10,071	-
Noncurrent liabilities:				
Due within one year:				
Estimated claims payable	6,212	-	6,212	-
Total other postemployment benefit liability	5,682	395	6,077	-
General obligation and certificates	54,040	-	54,040	-
Special tax revenue debt	3,300	-	3,300	-
Accrued compensated absences	4,551	339	4,890	-
Revenue bonds	-	32,820	32,820	-
Leases and SBITA payable	3,010	40	3,050	-
Due in more than one year:				
Estimated claims payable	6,133	-	6,133	-
Rebatable arbitrage payable	3,544	999	4,543	-
Total other postemployment benefit liability	89,913	6,251	96,164	-
General obligation and certificates	599,970	-	599,970	-
Special tax revenue debt	407,905	-	407,905	-
Estimated pollution remediation	33	-	33	-
Accrued compensated absences	34,139	3,074	37,213	-
Revenue bonds	-	401,959	401,959	-
Net pension liability	3,886	270	4,156	-
Leases and SBITA payable	6,278	-	6,278	-
Total Liabilities	1,286,495	476,298	1,762,793	15,354
DEFERRED INFLOWS OF RESOURCES				
Pension items	14,391	1,003	15,394	-
OPEB items	26,428	1,837	28,265	-
PPP related	290,879	-	290,879	-
Leases related	78,672	10,878	89,550	-
Total Liabilities and Deferred Inflows of Resources	1,696,865	490,016	2,186,881	15,354
NET POSITION				
Net investment in capital assets	2,049,056	878,440	2,927,496	9,020
Restricted for debt service	32,785	70,068	102,853	-
Restricted for special revenue	70,269	-	70,269	-
Restricted for use of impact fees	7,392	-	7,392	-
Restricted for net pension asset	1,060	-	1,060	-
Restricted for net OPEB asset	330	-	330	-
Restricted for housing assistance	-	-	-	1,091
Restricted for Arlington Economic Development	-	-	-	63,226
Unrestricted (deficit)	(71,174)	210,068	138,894	132,415
Total Net Position	$ 2,089,718	$ 1,158,576	$ 3,248,294	$ 205,752

The notes to the financial statements are an integral part of this statement.

CITY OF ARLINGTON, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Units**
Primary Government:								
Governmental Activities:								
General government	$ 124,421	$ 28,756	$ -	$ -	$ (95,665)	$ -	$ (95,665)	$ -
Public safety	235,887	13,579	26,387	-	(195,921)	-	(195,921)	-
Public works	100,451	2,774	-	-	(97,677)	-	(97,677)	-
Public health	3,267	5,297	-	-	2,030	-	2,030	-
Parks and recreation	43,115	20,613	32	250	(22,220)	-	(22,220)	-
Public welfare	29,369	295	15,703	-	(13,371)	-	(13,371)	-
Convention and event services	14,702	5,787	-	-	(8,915)	-	(8,915)	-
Interest	23,963	-	-	-	(23,963)	-	(23,963)	-
Total Governmental Activities	575,175	77,101	42,122	250	(455,702)	-	(455,702)	-
Business-Type Activities:								
Water and sewer	151,536	215,711	9,512	-	-	73,687	73,687	-
Storm water utility	10,779	27,929	-	-	-	17,150	17,150	-
Aviation	7,928	7,961	100	-	-	133	133	-
Total Business-Type Activities	170,243	251,601	9,612	-	-	90,970	90,970	-
Total Primary Government	$ 745,418	$ 328,702	$ 51,734	$ 250	$ (455,702)	$ 90,970	$ (364,732)	$ -
Component Units:								
Arlington Housing Authority	$ 54,562	$ -	$ 55,790	$ -	$ -	$ -	$ -	$ 1,228
Arlington Convention and Visitors Bureau	15,786	7,521	8,190	-	-	-	-	(75)
Arlington Tomorrow Foundation	7,638	-	-	-	-	-	-	(7,638)
Arlington Housing Finance Corporation	262	702	-	-	-	-	-	440
Arlington Tourism Public Improvement District	5,096	4,177	-	-	-	-	-	(919)
Arlington Convention Center Development Corp	192	196	-	-	-	-	-	4
Arlington Economic Development Corp	32,543	24,206	-	-	-	-	-	(8,337)
Total Component Units	$ 116,079	$ 36,802	$ 63,980	$ -	$ -	$ -	$ -	$ (15,297)
General Revenues:								
Taxes:								
Property taxes					236,841	-	236,841	-
Sales taxes					162,843	-	162,843	-
Criminal justice tax					321	-	321	-
State liquor tax					2,413	-	2,413	-
Bingo tax					140	-	140	-
TIF/TIRZ					4,243	-	4,243	-
Occupancy tax					15,366	-	15,366	-
Franchise fee based on gross receipts					22,489	-	22,489	-
Intergovernmental revenues					7,853	-	7,853	-
Interest/Dividend revenue					23,358	15,632	38,990	6,837
Net increase (decrease) in fair value of investments					(357)	224	(133)	8,921
Other					12,496	-	12,496	5,093
Transfers					33,320	(33,320)	-	-
Total General Revenues and Transfers					521,326	(17,464)	503,862	20,851
Changes in Net Position					65,624	73,506	139,130	5,554
Net Position - Beginning					2,024,094	1,085,070	3,109,164	200,198
Net Position - Ending					$ 2,089,718	$ 1,158,576	$ 3,248,294	$ 205,752

The notes to the financial statements are an integral part of this statement.

CITY OF ARLINGTON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	General	Debt Service	Streets Capital Projects	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 75,151	$ 24,084	$ 119,539	$ 169,423	$ 388,197
Land held for resale	-	-	-	7,653	7,653
Receivables (net of allowance for uncollectibles)					
Taxes	6,367	408	-	5,507	12,282
Sales taxes	16,249	8,125	-	136	24,510
Franchise fees	5,207	-	-	-	5,207
Accrued interest	6,475	106	-	29	6,610
Lease agreements	54,875	-	-	26,098	80,973
PPP receivable	56,352	-	-	-	56,352
Other	3,973	78	223	4,946	9,220
Due from component units	129	-	-	-	129
Due from other funds	11,466	-	-	-	11,466
Due from other governments	-	-	-	16,477	16,477
Prepaid Items	22	-	-	-	22
Inventory of supplies, at cost	2,585	-	-	210	2,795
Total Assets	$ 238,851	$ 32,801	$ 119,762	$ 230,479	$ 621,893
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 20,011	$ 16	$ 1,941	$ 17,207	$ 39,175
Retainage payable	-	-	2,479	5,467	7,946
Unearned revenue	2,008	-	122	1,207	3,337
Due to other funds	-	-	-	11,466	11,466
Total Liabilities	22,019	16	4,542	35,347	61,924
Deferred Inflows of Resources;					
Taxes	6,113	-	-	-	6,113
Landfill	1,638	-	-	-	1,638
Lease agreements	53,275	-	-	25,397	78,672
PPP agreements	53,307	-	-	-	53,307
Total Deferred Inflows of Resources	114,333	-	-	25,397	139,730
Fund Balances:					
Nonspendable:					
Inventory	2,585	-	-	210	2,795
Prepaid items	22	-	-	-	22
Restricted for:					
Debt Service	-	32,785	-	-	32,785
Capital projects	-	-	115,220	76,903	192,123
Special revenue	-	-	-	70,269	70,269
Committed to:					
Capital projects	-	-	-	3,762	3,762
Special revenue	-	-	-	7,216	7,216
Assigned to:					
Working capital	31,758	-	-	-	31,758
Subsequent years' expenditures	25,443	-	-	-	25,443
Compensated absences	1,841	-	-	-	1,841
Other post employment benefits	1,718	-	-	-	1,718
Future initiatives	17,151	-	-	-	17,151
Dispatch	1,605	-	-	-	1,605
Information technology	2,043	-	-	-	2,043
Business Continuity	4,062	-	-	-	4,062
Event Reserve Trust Fund	8,350	-	-	-	8,350
Special revenue	-	-	-	11,375	11,375
Unassigned	5,921	-	-	-	5,921
Total fund balances	102,499	32,785	115,220	169,735	420,239
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 238,851	$ 32,801	$ 119,762	$ 230,479	$ 621,893

The notes to the financial statements are an integral part of this statement.

CITY OF ARLINGTON, TEXAS
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION OF GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

Total fund balances per balance sheet				$ 420,239
Amounts reported for governmental activities in the statement of net position are different because:				
Capital, lease, SBITA, and PPP assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excluding $24,563 recorded in the internal service funds).				3,064,359
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				
Taxes				6,113
Internal service funds are used by management to charge the cost of fleet services, knowledge services, risk management, workers' compensation and group health to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.				45,564
Long-term liabilities, including bonds payable, arbitrage, compensated absences, and related deferred outflows and inflows of resources, are not due and payable in the current period and therefore are not reported in the funds.				
Bonds payable			$ (1,013,965)	
Premium on bonds			(51,385)	
Discount on bonds			135	
Deferred outflow of resources (refunding)			5,679	
Accrued interest payable			(4,522)	
Estimated pollution remediation			(33)	
Compensated absences			(38,690)	
Lease and SBITA payable			(9,288)	
Rebatable arbitrage payable			(3,544)	
Pension:				
Net pension asset (liability)	$ (2,826)			
Deferred inflow/outflow-actuarial gain, assumption changes and contributions	20,597		17,771	
Other Post Employment Benefits (OPEB)				
Total OPEB asset (liability)	(95,265)			
Deferred inflow/outflow-actuarial gain, assumption changes and contributions	(15,878)		(111,143)	
Deferred inflow of resources (PPP)			(237,572)	(1,446,557)
Net position of governmental activities				$ 2,089,718

The notes to the financial statements are an integral part of this statement.

CITY OF ARLINGTON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	General	Debt Service	Streets Capital Projects	Formerly Major Fund Convention and Event Services	Other Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes	$ 244,551	$ 127,160	$ -	$ -	$ 50,495	$ 422,206
Licenses and permits	10,650	-	-	-	-	10,650
Utility franchise fees	22,489	-	-	-	-	22,489
Fines and forfeitures	8,306	-	-	-	-	8,306
Leases, rents and concessions	10,658	4,000	-	-	4,023	18,681
Service charges	10,200	-	-	-	24,272	34,472
Interest revenue	5,585	3,890	5,716	-	6,958	22,149
Net increase (decrease) in fair value of investments	(81)	-	(146)	-	(200)	(427)
Contributions	-	-	1,878	-	250	2,128
Intergovernmental revenues	3,067	-	-	-	46,908	49,975
Gas lease royalty	-	-	-	-	3,114	3,114
Other	2,067	206	-	-	8,173	10,446
Total Revenues	317,492	135,256	7,448	-	143,993	604,189
EXPENDITURES						
Current-						
General government	59,330	-	-	-	10,054	69,384
Public safety	210,941	-	-	-	19,390	230,331
Public works	30,688	-	-	-	63,364	94,052
Public health	2,993	-	-	-	-	2,993
Public welfare	-	-	-	-	29,273	29,273
Parks and recreation	20,706	-	-	-	18,171	38,877
Convention and event services	-	-	-	-	14,638	14,638
Capital outlay	-	-	28,388	-	35,219	63,607
Debt service-						
Principal retirement	-	147,160	-	-	-	147,160
Interest and fiscal charges	-	46,270	-	-	-	46,270
Total Expenditures	324,658	193,430	28,388	-	190,109	736,585
Excess (deficiency) of revenues over (under) expenditures	(7,166)	(58,174)	(20,940)	-	(46,116)	(132,396)
OTHER FINANCING SOURCES (USES)						
Leases issued	1,047	-	-	-	-	1,047
SBITA additions	2,948	-	-	-	-	2,948
Issuance of bonds	-	8,230	-	-	-	8,230
Bond premium	-	449	-	-	-	449
Transfers in	28,285	5,082	586	-	35,021	68,974
Transfers out	(20,447)	(8,500)	(2,018)	-	(9,428)	(40,393)
Total Other Financing Sources (Uses)	11,833	5,261	(1,432)	-	25,593	41,255
Net Change in Fund Balances	4,667	(52,913)	(22,372)	-	(20,523)	(91,141)
Fund Balances, October 1, as previously reported	97,832	85,698	137,592	7,400	182,858	511,380
Change within financial reporting entity:						
Change from major fund to nonmajor fund	-	-	-	(7,400)	7,400	-
Fund Balances, October 1	97,832	85,698	137,592	-	190,258	511,380
Fund Balances, September 30	$ 102,499	$ 32,785	$ 115,220	$ -	$ 169,735	$ 420,239

The notes to the financial statements are an integral part of this statement.

CITY OF ARLINGTON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

Net change in fund balances - total governmental funds		$ (91,141)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital, lease, and subscription assets recorded in the current period.		102,400
Depreciation and amortization expense on capital and intangible assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation and amortization expense is not reported as expenditures in the governmental funds.		(99,199)
Revenues in the statement of activities that do not provide current financial recources are not reported as revenues in the funds.		1,252
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of certificates of obligation	(8,230)	
Repayment of general obligation debt	147,260	
Proceeds from issuance of bonds - premiums	(449)	
Amortization of bond premium, deferred loss	22,307	
Lease issued	(1,047)	
SBITA issued	(2,948)	
		156,893
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Current year changes in:		
Compensated absences	1,143	
Accrued interest expense	1,723	
Estimated pollution remediation	(5)	
Net pension asset (liability) and deferred inflow/outflows	(8,221)	
Net OPEB liability and deferred inflow/outflows	2,191	
Arbitrage liability	(1,430)	
		(4,599)
Internal service funds are used by management to charge the costs of fleet management and management information systems, property liability loss, health claims and offices services to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities.		18
Change in net position of governmental activities		$ 65,624

The notes to the financial statements are an integral part of this statement.

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds				
	Water and Sewer	Storm Water Utility	Aviation - Non Major	Total	Governmental Activities - Internal Service Funds
ASSETS					
Current Assets:					
Cash and cash equivalent investments	$ 75,350	$ 3,680	$ 10,432	$ 89,462	$ 27,508
Receivables (net of allowances for uncollectibles):					
Trade accounts	15,414	1,969	139	17,522	-
Accrued interest	21	-	47	68	2
Unbilled trade accounts	12,076	1,107	-	13,183	-
Leases receivable	2,582	-	8,350	10,932	-
Other	373	843	336	1,552	634
Inventory of supplies, at cost	4,769	-	56	4,825	-
Subtotal	110,585	7,599	19,360	137,544	28,144
Restricted Assets:					
Bond contingency-cash and cash-like investments	13,339	756	-	14,095	-
Capital construction-cash and cash-like investments	50,639	18,274	-	68,913	-
Total Current Assets	174,563	26,629	19,360	220,552	28,144
Noncurrent Assets:					
Restricted Assets:					
Bond contingency-Investments	20,979	2,204	-	23,183	-
Capital construction-Investments	147,725	53,306	-	201,031	-
Escrow	17,590	-	-	17,590	-
Meter deposit investments	10,071	-	-	10,071	-
Capital Assets:					
Land	7,982	15,828	6,132	29,942	-
Buildings and improvements	19,711	193	55,021	74,925	467
Water and sewer system	1,233,846	-	-	1,233,846	-
Machinery and equipment	14,806	23	231	15,060	69,966
Drainage system	-	172,461	-	172,461	-
Right to use asset - SBITA	522	61	-	583	-
Construction-in-progress	157,479	83,113	4,030	244,622	-
Accumulated depreciation and amortization	(495,880)	(65,183)	(31,157)	(592,220)	(45,870)
Total Capital Assets Net of Accumulated Depreciation and Amortization	938,466	206,496	34,257	1,179,219	24,563
Total Noncurrent Assets	1,134,831	262,006	34,257	1,431,094	24,563
Total Assets	1,309,394	288,635	53,617	1,651,646	52,707
Deferred Outflows of Resources:					
Deferred charges on debt refunding	152	117	-	269	-
Pension items	2,432	-	-	2,432	-
OPEB items	728	-	-	728	-
Total Assets and Deferred Outflows of Resources	$ 1,312,706	$ 288,752	$ 53,617	$ 1,655,075	$ 52,707

The notes to the financial statements are an integral part of this statement.

(continued)

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds				
	Water and Sewer	Storm Water Utility	Aviation - Non Major	Total	Governmental Activities - Internal Service Funds
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	$ 4,780	$ 802	$ 886	$ 6,468	$ 1,281
Accrued compensated absences	296	33	10	339	-
Revenue bonds payable from unrestricted assets	14,317	1,319	-	15,636	-
Current Liabilities Payable From Restricted Assets:					
Accounts payable and accrued liabilities	3,912	99	-	4,011	-
Retainage payable	5,090	297	17	5,404	-
Accrued interest	3,516	681	-	4,197	-
Estimated claims payable	-	-	-	-	6,212
Revenue bonds payable from restricted assets	13,338	3,846	-	17,184	-
Total OPEB liability due in one year	395	-	-	395	-
Meter deposits	10,071	-	-	10,071	-
Total Current Liabilities	55,715	7,077	913	63,705	7,493
Noncurrent Liabilities:					
Estimated claims payable	-	-	-	-	6,133
Rebatable arbitrage payable	652	347	-	999	-
Compensated absences	2,523	440	111	3,074	-
Revenue bonds payable from unrestricted assets	333,891	68,068	-	401,959	-
Net pension liability	270	-	-	270	-
SBITA lease liability	40	-	-	40	-
Total OPEB liability	6,251	-	-	6,251	-
Total Noncurrent Liabilities	343,627	68,855	111	412,593	6,133
Total Liabilities	399,342	75,932	1,024	476,298	13,626
Deferred Inflows of Resources:					
Pension items	1,003	-	-	1,003	-
Lease related	2,534	-	8,344	10,878	-
OPEB items	1,837	-	-	1,837	-
Total Liabilities and Deferred Inflows of Resources	404,716	75,932	9,368	490,016	13,626
NET POSITION					
Net investment in capital assets	694,878	149,322	34,240	878,440	35,263
Restricted for debt service	58,463	2,960	8,645	70,068	-
Unrestricted	154,649	60,538	1,364	216,551	3,818
Total Net Position	$ 907,990	$ 212,820	$ 44,249	1,165,059	$ 39,081
Reconciliation to government-wide statements of net position:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(6,483)	
Net position of business-type activities				$ 1,158,576	

The notes to the financial statements are an integral part of this statement.

CITY OF ARLINGTON, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	Storm Water Utility	Aviation - Non Major	Total	
Operating Revenues:					
Water sales	$ 106,887	$ -	$ -	$ 106,887	$ -
Sewer service	91,276	-	-	91,276	-
Storm water fee - commercial	-	13,068	-	13,068	-
Storm water fee - residential	-	14,084	-	14,084	-
FBO fuel	-	-	4,742	4,742	-
Rents and royalties	-	-	3,193	3,193	-
Service charges	-	-	-	-	46,482
Sundry	17,548	777	126	18,451	-
Total Operating Revenues	215,711	27,929	8,061	251,701	46,482
Operating Expenses:					
Purchase of water	22,989	-	-	22,989	-
Purchase of sewage treatment	50,955	-	-	50,955	-
Purchase of fuel	-	-	3,333	3,333	2,541
Salaries and wages	19,263	2,904	1,695	23,862	43
Benefits	5,594	825	473	6,892	28
Operations and maintenance	20,641	2,232	773	23,646	5,484
Claims (net of adjustments)	-	-	-	-	39,134
Depreciation	24,121	3,471	1,632	29,224	6,391
Miscellaneous services	346	-	22	368	389
Total Operating Expenses	143,909	9,432	7,928	161,269	54,010
Operating Income (Loss)	71,802	18,497	133	90,432	(7,528)
Nonoperating Revenues (Expenses):					
Interest revenue	12,745	2,782	105	15,632	908
Net change in the fair value of inves	210	(11)	25	224	70
Gain on sale of assets	-	-	-	-	980
Other non-operating	(1,249)	-	-	(1,249)	-
Interest expense and fiscal charges	(5,529)	(1,347)	-	(6,876)	-
Total Nonoperating Revenues (Expenses)	6,177	1,424	130	7,731	1,958
Income (loss) before transfers and contributions	77,979	19,921	263	98,163	(5,570)
Contributions in aid of construction	9,512	-	-	9,512	-
Transfers in	170	-	9,326	9,496	4,739
Transfers out	(38,542)	(2,899)	(1,375)	(42,816)	-
Change in Net Position	49,119	17,022	8,214	74,355	(831)
Total Net Position, October 1	858,871	195,798	36,035	1,090,704	39,912
Total Net Position, September 30	$ 907,990	$ 212,820	$ 44,249	$ 1,165,059	$ 39,081

Net change in net position - total enterprise funds	$ 74,355
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(849)
Change in net position of business-type activities	$ 73,506

The notes to the financial statements are an integral part of this statement.

CITY OF ARLINGTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds				
	Water and Sewer	Storm Water Utility	Aviation Nonmajor	Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 214,735	$ 28,133	$ 8,416	$ 251,284	$ 46,601
Cash payments to suppliers	(93,694)	(4,705)	(4,036)	(102,435)	(47,130)
Cash payments to employees	(24,321)	(3,650)	(2,129)	(30,100)	(84)
Net Cash Provided By (Used For) Operating Activities	96,720	19,778	2,251	118,749	(613)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	170	-	9,326	9,496	4,739
Transfers out	(38,542)	(2,899)	(1,375)	(42,816)	-
Net Cash Provided By (Used For) Noncapital Financing Activities	(38,372)	(2,899)	7,951	(33,320)	4,739
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(40,086)	(21,913)	(2,944)	(64,943)	(8,979)
Increase/Decrease in escrow balance	(3,061)	-	-	(3,061)	-
Proceeds from sales of capital assets	-	-	-	-	1,030
Proceeds from issuance of long-term debt	69,851	14,144	-	83,995	-
Repayment of long-term debt	(24,440)	(4,545)	-	(28,985)	-
Interest payment long-term debt	(15,199)	(3,646)	-	(18,845)	-
Net Cash Used For Capital Related Financing Activities	(12,935)	(15,960)	(2,944)	(31,839)	(7,949)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from interest earnings	13,085	2,771	106	15,962	994
Purchase of investments	(180,320)	(36,064)	-	(216,384)	-
Maturities/sales of investments	105,619	10,451	-	116,070	-
Net Cash Provided By (Used For) Investing Activities	(61,616)	(22,842)	106	(84,352)	994
Net Increase (Decrease) In Cash And Cash Equivalents	(16,203)	(21,923)	7,364	(30,762)	(2,829)
Cash and cash equivalents, October 1	155,543	44,633	3,068	203,244	30,337
Cash and cash equivalents, September 30	$ 139,340	$ 22,710	$ 10,432	$ 172,482	$ 27,508
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 71,802	$ 18,497	$ 133	$ 90,432	$ (7,528)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	24,121	3,471	1,632	29,224	6,391
Amortization of bond premium	5,005	1,238	-	6,243	-
Amortization of deferred loss on bond refunding	(91)	(19)	-	(110)	-
Provision for bad debts	3	1	-	4	-
(Increase) decrease in-					
Receivables	(981)	201	582	(198)	(199)
Inventory of supplies	(88)	-	(56)	(144)	-
Prepaid expenses	-	-	-	-	-
Increase (decrease) in-					
Accounts payable and accrued liabilities	(3,684)	(3,259)	(96)	(7,039)	(169)
Net pension/OPEB/SBITA liability	80	-	-	80	-
Estimated claims payable	-	-	-	-	905
Retainage payable	(194)	(415)	17	(592)	-
Meter deposits	343	-	-	343	-
Accrued compensated absences	404	63	39	506	(13)
Total adjustments	24,918	1,281	2,118	28,317	6,915
Net Cash Provided By (Used For) Operating Activities	$ 96,720	$ 19,778	$ 2,251	$ 118,749	$ (613)
Noncash investing, capital, and financing activities:					
Contributions of capital assets from developers	9,512	-	-	9,512	-

The notes to the financial statements are an integral part of this statement.

CITY OF ARLINGTON, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	$ -	$ 4,698
Investments		
Money market fund	2,879	-
Total Investments	2,879	-
Total Assets	2,879	4,698
LIABILITIES		
Accounts payable and accrued liabilities	-	-
Restricted for individuals, organizations, and other governments	-	4,698
Total Liabilities	-	4,698
NET POSITION		
Restricted for pensions	1,734	-
Restricted for OPEB	1,145	-
Restricted for individuals, organizations, and other governments	-	-
Total Net Position	$ 2,879	$ -

The notes to the financial statements are an integral part of this statement.

CITY OF ARLINGTON, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
ADDITIONS		
Employee contributions	$ 603	$ -
Net change in fair value of investments	41	-
Other additions (deductions)	-	14,575
Seizures	-	51
Total Additions	644	14,626
DEDUCTIONS		
Benefits	2,230	-
Plan administration	163	-
Other deductions	-	18,291
Total Deductions	2,393	18,291
Decrease in Net Position	(1,749)	(3,665)
Net Position, October 1	4,628	3,665
Net Position Restricted for Benefits, September 30	$ 2,879	$ -

The notes to the financial statements are an integral part of this statement.

ARLINGTON
SM
THE AMERICAN DREAM CITY

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Arlington, Texas (the "City") was incorporated April 19, 1884, and the city charter was adopted January 17, 1920, under the provisions of the Home Rule Amendment to the State Constitution. The City operates under a Council Manager form of government and provides the following services to the citizens of the City: public safety (police and fire), public works, public welfare, parks and recreation, public health, water and sewer utilities, and general administrative services.

The accompanying financial statements of the City include all funds and component units. The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GAAP which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities, and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both non-current assets and non-current liabilities of the City. In addition, the government-wide statement of activities reflects depreciation and amortization expenses on the City's capital, lease, subscription, and PPP assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting, and the current financial resources measurement focus for governmental funds. The accrual basis of accounting and the economic resources measurement focus is utilized by proprietary fund types.

GAAP also requires supplementary information presented as Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. A budgetary comparison schedule is presented that compares the originally adopted and final General Fund budget with actual results, and supplementary information for pension and other postemployment benefit retirement plans are provided, as required, in the Required Supplementary Information section.

B. Reporting Entity

The City is governed by an elected mayor and eight-member council. As required by GAAP, these financial statements present the City (the primary government), its component units, and entities for which the government is financially accountable.

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 39, 61, 80, 84 and 90, defines component units as legally separate entities that meet any one of the following tests:

- The City appoints the voting majority of the board of the component unit and:
    - Is able to impose its will on the component unit and/or
    - Is in a relationship of financial benefit or burden with the component unit
- The component unit is both:
    - fiscally dependent upon the City, and
    - there is a financial benefit or burden.
- The financial statements of the City would be misleading if data from the component unit were omitted.

The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. The financial statements of the following component units have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

Arlington Housing Authority

The Arlington Housing Authority (the "AHA") provides low-income housing assistance within the City. The AHA's board of commissioners is appointed by the Mayor. The AHA's management is designated by the City. The employees who are responsible for daily operations of the AHA are City employees. The City has financial accountability over the AHA's activities. The audited financial statements of the AHA are prepared in accordance with accounting principles generally accepted in the United States. Separate AHA component unit financial statements can be obtained from the AHA at 501 W. Sanford Street, Suite 20, Arlington, Texas 76010.

Arlington Convention and Visitors Bureau, Inc.

The Arlington Convention and Visitors Bureau, Inc. (the "ACVB") promotes tourism within the City. The ACVB's board of directors is appointed by the City Council. The primary source of revenue for the ACVB is a professional services support contract with the City; therefore, the City has financial accountability over the ACVB's activities. Separate ACVB component unit financial statements can be obtained from the ACVB at 1905 E. Randol Mill Road, Arlington, Texas 76011.

Arlington Tomorrow Foundation

The Arlington Tomorrow Foundation (the "ATF") oversees an endowment fund with a corpus of $122 million created by natural gas revenues to be used for the benefit of the Arlington community. The City Council acts as the board of directors. The ATF's management is designated by the City, and City employees are responsible for the daily activities of the ATF; accordingly, the City has financial accountability over ATF's activities. Separate ATF component unit financial statements are not prepared.

Arlington Housing Finance Corporation

The Arlington Housing Finance Corporation (the "AHFC") provides financial assistance to low income, multi-family residences and single-family homebuyers within the City. The AHFC's board of directors is appointed by the City Council. The AHFC's management is designated by the City, and City employees are responsible for the daily activities of the AHFC; accordingly, the City has financial accountability over AHFC's activities. Separate AHFC component unit financial statements are not prepared.

Arlington Convention Center Development Corporation

Arlington Convention Center Development Corporation (the "ACCDC") was formed to encourage and assist with planning, designing, constructing, and maintaining a convention center complex, sports facility or hotel facility. The City Council serves as the board of directors. Separate ACCDC component unit financial statements are not prepared.

Arlington Economic Development Corporation

The Arlington Economic Development Corporation (the "EDC") was formed in 2015 to create a vibrant, globally connected and innovative community that fosters equitable growth for all. The EDC recruits business and industry, helps local companies grow and generates quality job opportunities throughout the Arlington metro area. The EDC also seeks to attract and retain community business partners, businesses, and workforce members to invest and make their home in Arlington. The board of directors is made up of the seven members appointed by the Mayor and City Council. The EDC's management is designated by the City and City employees are responsible for the daily activities of the EDC; accordingly, the City has financial accountability over the EDC's activities. Separate Arlington Economic Development Corporation component unit financial statements are not prepared.

Arlington Tourism Public Improvement District

The Arlington Tourism Public Improvement District (the "ATPID") was created in fiscal year 2017 to improve convention and group hotel bookings and hotel room night consumption in the City. Funds are provided through a 2% tax applied to hotels with 75 or more rooms within the designated district within the City. A board consisting of participating ATPID hotel/motel members direct the use of all funds generated. The City authorized the creation of the district and must approve a budget annually. The board (ATPID) has contracted with the City to collect the funds, and with ACVB to administer the programs and use the funds. Separate component unit financial statements can be obtained from the ACVB at 1905 E. Randol Mill Road, Arlington, Texas 76011.

Fiduciary Component Units

Part-Time, Seasonal and Temporary Employees Deferred Income Plan

The purpose of the PSTDIP is to provide a systematic plan for the retirement of eligible employees of the City, and under the conditions set forth, a pension upon the retirement of such an Employee. This is a 401(a) single employer defined benefit pension plan that provides retirement, disability and death benefits for all part-time, seasonal and temporary employees.

The City's Retirement Committee administers the PSTDIP. The City's Retirement Committee consists of an odd number of persons, but not less than three, that are determined and appointed by the City acting through City Council. The Committee includes the Director of Human Resources appointed as Chair, the Chief Financial Officer, and a representative of the City Manager's Office. The Committee meets on a quarterly basis and has final approval for all administrative actions.

The PSTDIP plan freeze was effective as of April 4, 2024. The City terminated the PSTDIP effective August 1, 2025. Under the terms of the termination, the plan's remaining assets will be used to settle any outstanding obligations to eligible participants in accordance with plan provisions. Because the termination occurred after the measurement date, the financial information presented in these financial statements does not reflect the impact of this action. However, this action was considered in regard to recommended contributions.

Disability Income Plan (DIP)

The Disability Income Plan is a single employer defined benefit disability income plan that covers the employees of the city. The plan originally provided in-service death benefits and long-term disability benefits commencing upon disablement. The plan was amended to eliminate the in-service death benefit and to start disability payments at age 65. The plan contemplates that long term disability benefits will be provided through a separate LTD insurance contract prior to age 65. The retired life liability for current disabled employees (many of whom are under age 65) is retained under the plan.

The City provides active employees with disability insurance through a policy obtained from a commercial carrier. Previously, all City employees had participated in a Disability Income Plan which had been funded by actuarial determined contributions. This plan had been accounted for in the DIP fund.

Benefits to employees who were disabled while participating under the previous plan will continue to be paid from the remaining assets of the DIP fund, a fiduciary fund of the City.

The Disability Income Plan does not issue separate GAAP financial reports. Its financial statements are presented in the notes to this ACFR.

C. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The exception is that inter-fund services provided and used are not eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. All franchise fees are based on gross receipts and are included in general revenues.

The net cost by function is normally covered by general revenue (property and sales taxes, franchise fees, intergovernmental revenues, interest income, etc.).

Separate fund-based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the General Fund, Debt Service Fund, and Street Capital Projects Fund. The enterprise funds are made up of the Water and Sewer Utility, Storm Water Utility funds, and the Aviation nonmajor fund. GAAP sets forth minimum criteria (percentage of assets, liabilities, deferrals, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the Annual Comprehensive Financial Report.

Internal Service Funds, which provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statements. Financial statements of internal service funds are allocated between the governmental and business-type activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity (Public Safety, Public Works, etc.).

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The focus of the fund financial statements is on the major individual funds of the governmental and business-type

categories, as well as the fiduciary funds, (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund statements. Custodial funds, however, report only assets and liabilities and therefore have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers taxes and other revenue to be available if they are collected within 60 days of the end of the current fiscal period, while grants typically are received within 90 days. Expenditures are recorded when a liability is incurred, as under accrual accounting, except debt service expenditures, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, which are recorded only when the liability has matured, and payment is due. General capital asset acquisition, including entering into contracts giving the City of Arlington the right to use leased and subscription assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Ad valorem, franchise and sales tax revenues in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. The City has agreements with various entities in which a portion of the sales tax is rebated. The sales tax revenue is reported net of the rebate. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met. Additionally, funds received in advance for which all eligibility requirements have not been met are considered unearned revenue.

Business-type activities and proprietary funds and fiduciary funds are accounted for on a flow of economic resources measurement focus. With this focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water and Sewer fund, Storm Water Utility fund, and the Aviation nonmajor fund are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major funds, nonmajor funds and other funds, by fund category and fund type are reported by the City:

1. Governmental Funds:

The focus of Governmental fund measurement (in the Fund Financial Statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the City:

Major Funds:

a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, Public Health, Public Welfare, Parks and Recreation, etc.) and is the primary operating unit of the City.

b. Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

c. Street Capital Projects Fund (capital projects fund) accounts for the purchase of rights of way and land, construction of streets and related facilities, and to account for various other projects related to street construction. Funds are provided primarily through bond sales, interest earnings, and impact fees.

d. Other Governmental Funds is a summarization of all the nonmajor governmental funds, including capital project and special revenue funds.

2. Proprietary Funds:

Proprietary funds are classified into two fund types: enterprise funds and internal service funds.

The focus of Enterprise Fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The City's Enterprise Funds are the Water and Sewer Utility Fund, Storm Water Utility Fund (both of which are major funds) and the Aviation fund, a nonmajor Enterprise fund created in FY24. The Water and Sewer Utility Fund accounts for the administration, operation and maintenance of the water and sewer utility system, as well as billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure integrity of the Fund. The City's solid waste function is contracted out. The billings for this function are done by the City as a conduit for the contractor. The fee for this service is accounted for in the Water Utility Fund, while revenues from solid waste franchise fees and landfill royalties are accounted for in the General Fund. The Storm Water Utility Fund accounts for the design, construction and maintenance of the City's storm water drainage systems. The Aviation fund accounts for all airport related activities including fuel sales and various leases.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost reimbursement basis. These services include fleet services; self-insurance; workers' compensation insurance; and group health insurance. Major fund reporting requirements do not apply to internal service funds.

3. Fiduciary Fund Types:

The City additionally reports the following fiduciary fund types:

a. Pension and other employee benefit trust funds are used to account for the accumulation of resources to be used for the retirement and disability benefit payments to qualified employees.

b. Custodial Funds are used to account for assets held by the City in a fiduciary capacity as custodian or agent for individuals, other funds within the City, other governmental units, and private organizations. These include amounts held for court proceedings and amounts held for infrastructure improvements donated by developers.

E. Cash, Cash Equivalents and Investments

To facilitate cash management, the operating cash of certain funds and component units is pooled into a cash management pool for the purpose of increasing income through combined investment activities. This cash and investment pool is available for use by all funds and component units except the Trust Funds and the AHA, which maintain separate investments. Each fund's portion of this pool is allocated through its cash and cash equivalent account on the balance sheet. In addition, certain other investments are separately held by several of the City's funds. Interest is allocated on a monthly basis to all funds in the investment pool based on their average balance at the end of each month. Interest earned by separate investments is credited to the respective funds.

For purposes of the statement of cash flows, the City considers all unrestricted investments included in its cash management pool to be cash equivalents - as these balances are used essentially as demand deposit accounts by the individual funds. Investments included in the cash management pool which are restricted for use are reported as investments. Additionally, certificates of deposit and temporary investments held separately from the City's cash management pool, and which are purchased with original maturities at the time of purchase of three months or less are reported as cash equivalent investments.

The City elects to exclude investments with an original maturity of one year or less from date of purchase from fair value reporting. These investments are reported at amortized cost.

Texas statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, fully collateralized certificates of deposit, repurchase agreements, commercial paper, and direct obligations of cities within the state of Texas. The City is also authorized to invest in direct obligations of the state of Texas or its agencies, obligations of states, agencies, counties, and other political subdivisions, money market mutual funds, prime bankers' acceptances, and reverse repurchase agreement.

In accordance with GASB Statement No. 31, investments with maturities greater than one year at time of purchase are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a transaction between willing parties.

The City follows GASB Statement No. 72, *Fair Value Measurement and Application* in its financial statements. The City's investments were categorized as Level 2 only and there are no Level 1 or Level 3 investments.

F. Inventories and Prepaid Items

Inventories are valued at cost. Cost is determined using the first-in, first-out method. Inventory consists of expendable supplies held for consumption. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used. In governmental funds, prepaid items are accounted for using the purchases method. Under this method prepaid items are treated as expenditures when purchased rather than accounted for as an asset. Funds under the accrual basis of accounting recognize the proportionate amount of expense in each benefiting period.

G. Capital, Lease, SBITA, and PPP Assets

Capital, lease, SBITA, and PPP assets purchased or acquired are carried at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a services concession agreement are recorded in accordance with GASB 94. Public domain (infrastructure) capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been recorded at estimated historical cost. Capital, lease, SBITA, and PPP assets are defined by the government as assets with an initial, individual cost of more than $25,000 and an estimated useful life in excess of one year.

Major outlays for capital assets and improvements are capitalized as projects are completed.

Capital, lease, SBITA, and PPP assets of the primary government, as well as the component units, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	45-50
Improvements Other than Buildings	20-40
Equipment	5-10
Right-to-Use Assets	5-20
Drainage Improvements	35-50
Meters	10
Streets	25
Storm/sanitary sewer	50
System infrastructure	20-50

A lease, SBITA, or PPP asset will be amortized in a systematic rational manner over the shorter of the lease/subscription term or the useful life of the underlying asset.

H. Arbitrage Liability

The City accrues a liability for an amount of arbitrage rebate resulting from investing low-yielding, tax-exempt bond proceeds in higher-yielding, taxable securities. Such investment activities can result in interest revenue exceeding interest cost. The arbitrage liability is payable to the federal government every five years; however, the City calculates and records its arbitrage liability annually. The arbitrage liability is recorded as a liability in the government-wide and proprietary fund types, as applicable, on the accrual basis and as a reduction of interest income on the invested debt proceeds.

I. Leases and Subscription-Based Information Technology Agreements (SBITA)

Lessee

The City is a lessee for various noncancellable leases of land, buildings, equipment, and software. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial individual value of $25,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease

liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor

The City is a lessor for various noncancellable leases of a right-of-way, buildings and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

J. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability/asset, pension related deferred outflows and inflows of resources, and pension and OPEB expense, City specific information about its Fiduciary Net Position in the plans can be found in their audited financial statements. Additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by Texas Municipal Retirement System (TMRS) and Part-Time Seasonal and Temporary Employees Deferred Income Program (PSTDIP), Disability Income Plan (DIP), Supplemental Death Benefits, and Retiree Health Insurance statements.

For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from PSTDIP audited financial statements and TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27*, as amended.

Beginning in fiscal year 2015, and in accordance with GASB 68 and 71, the City's net pension liability/asset is recorded on the face of the financial statements. The City elected to allocate the net pension liability/asset among governmental and business type activities based on measurement year contribution percentages. The City elected to absorb fund allocations of less than 1.25% of total contributions to Governmental activities. Component units' contributions total 1.23% of total contributions and are not allocated separately, due to the threshold percentage. The estimated amount of net pension liability included in governmental activities for component units is $51.1K. Detailed pension information is discussed in footnote 6.

Beginning in fiscal year 2017, and in accordance with GASB 75, the City's net OPEB liability/asset is recorded on the face of the financial statements. The City elected to allocate the total or net OPEB liability/asset among governmental and business type activities based on measurement year contribution percentages. The City elected

to absorb fund allocations of less than 1.25% of total contributions. Detailed OPEB information is discussed in footnote 7.

K. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, four types of leave qualify for liability recognition for compensated absences - vacation, sick, sworn compensatory time, and stability payment. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured, for example, because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation leave - employees earn vacation leave for each month of work performed. The accrual rate increases with years of service up to a maximum of 20 days per year for 15 years of service and over. On specified anniversary dates, additional days are credited, up to certain amounts, according to length of service. Accrued vacation is paid upon termination of employment for employees who have completed at least six months of continuous service.

Sick leave - employees accumulate 1.25 days of sick leave per month with a maximum accrual of 150 days. The full amount of accumulated sick leave pay, up to 120 days maximum, is paid if termination is through retirement or death.

Compensatory time - accrued at overtime rate in lieu of overtime payment. Sworn police officers may accrue and bank up to 60 hours of compensatory time and use by December 31 of odd-numbered years. Any remaining balance at the end of the periods will be paid out at the overtime rate.

Stability payment - the City provides an annual stability payment as a reward for continuous active full-time service credit. Employee must have 12 months of continuous active full-time service credit as of November 15 of the year of payment and be in a paid status with the City of November 15 of the payment year and on the date of disbursement.

L. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payables are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as other financing sources or uses or expenditures at the time of the debt issuance. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Nature and Purpose of Classifications of Fund Equity

Fund balances for governmental funds are reported based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Non-spendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Governmental Funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific

purposes pursuant to constraints imposed by the City Council through an ordinance. Assigned fund balances are constrained by the intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution 11-361 dated September 27, 2011, adopting the fund balance policy, authorized the City Manager or his designee to assign fund balance to a specific purpose.

The City may fund outlays for a particular purpose from both restricted and unrestricted (the total of committed, assigned, and unassigned) fund balance. To calculate the amounts reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

N. Minimum Fund Balance Policy

It is the desire of the City to maintain adequate General Fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund working capital reserve at a minimum level of 8.33% (1/12) of annual General Fund expenditures. Total General Fund balances shall be maintained at a minimum of 15% of annual General Fund expenditures.

O. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital, lease, SBITA and PPP assets net of accumulated depreciation and amortization and the outstanding balances of any borrowing spent for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for the same purpose, it is the City's policy to consider restricted net position to be depleted before unrestricted net position is applied.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (reduction of liability/expense/expenditure) until then.

The City has three items that qualify for reporting in this category. One is the deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded and refunding debt. The other two are deferred pension and OPEB related items reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has five types of items that qualify for reporting in this category. At the governmental fund level, revenues that have been billed but not yet collected are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred pension, OPEB related items, PPP related, and leases related deferrals are reported in the government-wide statement of net position and in fund level statements.

Q. New Accounting Pronouncements

During fiscal year 2025, the City adopted the following Governmental Accounting Standards Board ("GASB") Statement:

Statement No. 101, *Compensated Absences,* is effective for the City beginning in fiscal year 2025. The statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Adoption of GASB 101 had no effect on beginning net position/fund balance.

Statement No. 102, *Certain Risk Disclosures,* is effective for the City beginning in fiscal year 2025. This statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. These concentrations and constraints limit a government's ability to acquire resources or control spending. The objective is to provide users with timely information with which to understand and anticipate certain risks to a government's financial condition.

The City is in the process of reviewing possible impacts of GASB pronouncements which will become effective in future years, and notes the following statements are applicable to the City:

The GASB has issued the following statements which will be effective in future years as described below,

Statement No. 103, *Financial Reporting Model Improvements,* is effective for the City beginning in fiscal year 2026. The objective of this statement is to provide an easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions. This objective is met by increasing the focus on the explanations of the reasons for changes from year to year in the government wide financial statements and fund financial statements.

Statement No. 104, *Disclosure of Certain Capital Assets*, is effective for the City beginning in fiscal year 2026. The Statement is to provide essential information about certain types of capital assets to be disclosed separately in the capital asset note disclosures. This objective will require disclosure of the ending balance of capital assets held for sale, historical cost and accumulated depreciation by major class of asset and carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

Statement No. 105, *Subsequent Events,* is effective for the City beginning in fiscal year 2027. The Statement is intended to enhance accounting and financial reporting requirements related to subsequent events. These requirements are to identify the time frame in which subsequent events occur and to properly disclose whether such events are recognized or non-recognized.

The City has not yet determined the impact of implementing the above new pronouncements.

R. Restatement - Change within the Financial Reporting Entity

During the current fiscal year, the City reclassified the presentation of a governmental fund in accordance with the criteria for major fund reporting. The Convention and Event Services Fund, which was reported as a major fund in the prior year, no longer met the quantitative thresholds for major fund classification and is therefore presented as a nonmajor governmental fund in the current year.

This reclassification affects only the presentation of the City's governmental funds and does not impact total governmental fund balances, changes in fund balances, or the City's financial position.

CITY OF ARLINGTON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(amounts expressed in thousands)

	General Fund	Debt Service Fund	Streets Capital Project Fund	Formerly Major Fund Convention and Event Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Total revenues	$ 317,492	$ 135,256	$ 7,448	$ -	$ 143,993	$ 604,189
EXPENDITURES						
Total expenditures	324,658	193,430	28,388	-	190,109	736,585
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,166)	(58,174)	(20,940)	-	(46,116)	(132,396)
OTHER FINANCING SOURCES (USES)						
Total other financing sources (uses)	11,833	5,261	(1,432)	-	25,593	41,255
NET CHANGE IN FUND BALANCES	4,667	(52,913)	(22,372)		(20,523)	(91,141)
FUND BALANCES, 9/30/2024, as previously presented	97,832	85,698	137,592	7,400	182,858	511,380
Change within financial reporting entity (major to nonmajor fund)	-	-	-	(7,400)	7,400	-
FUND BALANCES, 9/30/2024, as adjusted or restated	97,832	85,698	137,592	-	190,258	511,380
FUND BALANCES, 9/30/2025	$ 102,499	$ 32,785	$ 115,220	$ -	$ 169,735	$ 420,239

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The City Council adopts an annual legal budget, which covers the General Fund, the Debt Service Fund, the Enterprise Funds, and certain Special Revenue Funds (Park Performance, Convention and Event Services and Street Maintenance). All unencumbered appropriations for the Operating Budget Funds lapse at fiscal year-end. The budgets for the General Fund, the Debt Service Fund, and certain Special Revenue Funds are prepared on the modified accrual basis, except for encumbrances which are treated as expenditures on the budgetary basis and interdepartmental expenses which are eliminated. The budgets for the Enterprise Funds are prepared on the modified accrual basis and include encumbrances, debt principal retirements and capital outlays as expenses. Additionally, the Enterprise Funds do not include depreciation as a budgetary expense. The schedules comparing budget and actual amounts for these governmental funds include adjustments to those budgetary basis for the differences noted above and for certain other revenue and expenditure items which are reported in the City's budget differently than they are reported for accounting principles generally accepted in the United States.

Budgetary level of control is exercised at the fund level. The City Manager is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures of the General Fund, Enterprise Funds, Debt Service Fund and certain Special Revenue funds must be approved by the City Council.

During Fiscal Year 2025, there were no budget amendments.

The Budgetary Comparison Schedule presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results with the following exceptions:

Certain interdepartmental revenues and expenses are included in budgetary basis revenues and expenditures but are eliminated from actual revenues and expenditures.

General Fund encumbrances are added to the actual expenditures for budgetary comparison. Budgetary data for the project-length Special Revenue Funds and Capital Projects Funds have not been presented. Receipts of revenues cannot be estimated for all Special Revenue Funds and are not budgeted. Expenditures are limited to total revenues over the life of the funds. Capital Projects Funds are budgeted over the life of the respective project and are reviewed and approved by the City Council in an annual Capital Improvements Program plan.

The City utilizes encumbrance accounting to ensure appropriated funds are adequately committed and remaining unspent balances are carried forward into the next fiscal year. Encumbrances are created for purchase order, grant match requirements, and capital project funding. These amounts are reported in fund balance as follows (in thousands):

General Fund	Street Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total
$ 14,005	$ 33,429	$ -	$ 87,536	$ 134,970

B. Excess of expenditures over appropriations

For the year ended September 30, 2025, there were no expenditures exceeding budget in the aggregate.

C. Deficit fund equity

There were no funds with a deficit fund balance as of September 30, 2025.

III. DETAILED NOTES ON ALL FUNDS

1. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits - At September 30, 2025, the carrying amount of the City's demand deposits was $6,257,381 (bank balance, $5,681,255). The balance in cash on hand was $32,681 at year end.

Investments - State statutes, the City's Investment Policy and the City's Depository Agreement govern the investments of the City. The City is authorized to invest in United States Treasuries, its agencies or instrumentalities, other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the United States or its agencies and instrumentalities, obligations of Texas and its agencies, counties and cities, and other political subdivisions rated not less than AA, obligations of other states, its agencies, counties, cities, and other political subdivisions rated not less than AA, fully insured or collateralized certificates of deposit, fully collateralized repurchase agreements, Guaranteed Investment Contracts, commercial paper rated A-1+, P-1 with an underlying long-term rating of AA or better, government pools and money market funds consisting of any of these securities listed. Major provisions of the City's investment policy include the following: depositories must be FDIC-insured institutions, depositories must fully insure or collateralize all deposits, and investments must be purchased in the name of the City and be delivered to the City's agent for safekeeping. For additional information see the City of Arlington Investment Policy at www.arlingtontx.gov. The City elects to exclude investments with an original maturity of one year or less from date of purchase from fair value reporting. These investments are reported at amortized cost. The City does not invest in derivatives.

Cash and cash equivalents and investments include: (amounts in thousands) Governmental Activities $415,705, Business-type Activities $406,755, Custodial Funds $4,698, Pension Trust Investment Funds $2,879.

As of September 30, 2025, the City had the following investments (amounts in thousands):

Cash, Cash-Like Investments	Fair Value	Avg Maturity (in days)	Credit Risk
Treasury	$ 21,047	692	AA+
Agency	649,981	656	AAA
Pools	129,049	1	AAA
Texas Municipal	3,167	828	AA+
Non-Texas Municipal	14,621	589	AA+
Commercial Paper	4,595	22	A-1+
	$ 822,460		

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maximum maturity of any single investment and the weighted average maturity of combined investments by fund groups. The above table lists Local Gov't Investment Pools and Money Market Funds with a 1 day weighted average maturity as the City only invests in government pools and funds that maintain a stable $1 NAV (net asset value). While the interest income derived from these particular types of investments fluctuate based on market movements and the characteristics of the pools and funds, the value of the principal is not affected.

The following table lists the fund groups authorized in the City's investment policy and the maximum maturity and maximum weighted average maturity ("WAM"):

Fund	Maximum Maturity	Maximum WAM
General Operating	3 Years	18 Months
Capital Project	3 Years	18 Months
Working Capital Reserve	5 Years	4 Years
Venue Debt Service Reserve and Debt Service	7 Years	5 Years
Self Insurance	7 Years	5 Years
Closure/Post-closure Trust Fund	10 Years	8 Years

Credit Risk. In accordance with its investment policy, the City minimizes credit risk by limiting investments to the safest type of investments.

Concentration of Credit Risk. The City's investment policy places the following limits on the amount the City may invest in any one issuer. All securities are rated AA or better.

Security	% of Portfolio
United States Treasury	100% of portfolio per Issuer
U.S. Agencies and Instrumentalities	100% of portfolio 35% per Issuer
Other Obligations guaranteed by U.S.	100% of portfolio 10% per Issuer
Obligations of Texas and its subdivisions	10% of portfolio 2% per Issuer
Obligations of other states and its subdivisions	10% of portfolio 2% per Issuer
Certificates of Deposit	50% of portfolio 20% per Issuer
Repurchase Agreements	40% of portfolio 15% per counterparty
Guaranteed Investment Contract	100% of bond funds
Commercial Paper	20% of portfolio 5% per Issuer
Money Market Mutual Fund	100% of portfolio 15% per MMF
Local Government Investment Pools	100% of portfolio 25% per pool

Custodial Credit Risk. State statutes require that all City deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation (FDIC), collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits, or by a Letter of Credit from a Federal Agency.

Following the criteria for GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, TexPool Prime and TexPool use amortized cost and, TexStar, and Texas Term use NAV to value portfolio assets. As is legally

permissible for municipalities and school districts in the state, TexPool and TexasDaily, and TexStar invest in a high-quality portfolio of debt securities, Texas Class Government, and Texas Class invests in a high-quality portfolio of short-term investments.

The City's investments in local government investment pools include investments in TexPool Prime, TexPool, TexasDaily, TexStar and Texas Class Government and Texas Class. These are public funds investment pools operating as an SEC 2a-7 like pool in full compliance with the Public Funds Investment Act and are rated as AAA money market funds by Standard & Poor's. The City has Local Government Investment Pools of $129,049 (amounts in thousands), recorded at amortized cost or net asset value (NAV).

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2025 (amounts in thousands):

		Fair Value Measurements Using		
	9/30/2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Treasury	21,047	-	21,047	-
Agency	649,981	-	649,981	-
Texas Municipal	3,167	-	3,167	-
Commercial Paper	4,595	-	4,595	-
Non-Texas Municipal	14,621	-	14,621	-
	693,411	-	693,411	-

Debt securities classified in Level 2 of the fair value hierarchy are valued by Interactive Data Corp (IDC) using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Management believes it is generally compliant with applicable requirements of (PFIA/PFCA).

2. PROPERTY TAXES

Property taxes are levied on October 1 on the assessed value listed as of the prior January 1 and are due and payable at that time. All unpaid taxes attach as a lien on property as of January 1 and become enforceable February 1. Penalties and interest are charged at 7 percent on delinquent taxes beginning February 1 and increase each month to 18 percent on July 1.

Appraised values are established by the Tarrant Appraisal District at 100 percent of estimated market value and certified by the Chief Appraiser. The total market value for FY25 was $62,421,148,207 which encompasses all properties in Arlington, including real estate, personal, and mineral properties prior to any exemptions or abatements. The assessed value for the tax roll as of September 1, 2024, upon which the original FY25 levy was based, was $42,867,413.

City property tax revenues are recorded as receivables and unearned revenues at the time the tax levy is billed. Current year revenues recognized are those collected within the current period, or soon enough thereafter to pay current liabilities, generally within sixty days after year-end. An allowance is provided for delinquent property taxes not expected to be collected in the future.

For the fiscal year ended September 30, 2025, the City had a tax rate of $0.5998 ($0.4146 for general government and $0.1852 for debt service) per $100 assessed valuation with a tax margin of $1.9002 per $100 valuation based upon a maximum ad valorem tax of $2.50 per $100 valuation permitted by Article XI, Section 5, of the State of Texas Constitution. Additional revenues up to approximately $814,566,582 could be raised per year before the limit is reached, based on the current year's appraised net taxable value of approximately $42,867,413.

In Texas, county-wide central appraisal districts are required to assess all property within the appraisal district on the basis of 100 percent of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, legal action. Under this system, the City sets tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of the previous year.

3. VENUE DEVELOPMENT PROJECT

Overview

The City is home to AT&T Stadium, home of the Dallas Cowboys, and Globe Life Field, home of the Texas Rangers. The City financed a portion of the construction of both venues by issuing special tax revenue bonds.

The 2004 Venue Election and the Cowboys Project

At an election held in the City, on November 2, 2004, pursuant to Chapter 334, of the Texas Local Government Code, as amended, a majority of the voters voting at election voted in favor of a proposition authorizing the City to (i) establish and finance the Dallas Cowboys Complex (the "Cowboys Project") as a sports and community venue project of the type described and defined in the Act, (ii) impose a sales and use tax within the City at a rate of one-half of one percent (0.5%) (the "Sales Tax"), (iii) impose a tax at a maximum rate of five percent (5%) on the gross rental receipts from the short-term rental of a motor vehicle in the City (the "Motor Vehicle Rental Tax"), (iv) impose a tax on the occupancy of a room in a hotel located within the City, at a maximum rate of two percent (2%) of the price paid for such room (the "Hotel Occupancy Tax" and together with the Sales Tax and the Motor Vehicle Rental Tax, the "Pledged Special Taxes"), (v) impose an admissions tax on each ticket sold as admission to an event held at the Cowboys Project, at a rate not to exceed ten percent (10%) of the price of the ticket sold as admission (the "Cowboys Admissions Tax"), and (vi) impose a tax, not to exceed three dollars ($3.00) per vehicle, on each motor vehicle parked in a facility of the Cowboys Project (the "Cowboys Parking Tax") for the purpose of financing the Cowboys Project. The Dallas Cowboys are based in Frisco, Texas, and play their home games at AT&T Stadium in Arlington. The Dallas Cowboys are a professional football team owned by the Dallas Cowboys Football Club, Ltd., a Texas limited partnership (the "Cowboys' Owner"), operating under a franchise issued by the National Football League (the "NFL") in 1960.

The City financed a portion of AT&T Stadium by issuing $297,990,000 special tax revenue bonds in three issuances, Series 2005A, Series 2005B, and Series 2005C (collectively, the "Series 2005 Bonds"). The Series 2005B Bonds were refinanced by the issuance of the City's $112,185,000 Special Tax Revenue Bonds, Series 2008 (the "Series 2008 Bonds") and the City's $62,820,000 Special Tax Revenue Bonds, Series 2009 (the "Series 2009 Bonds" and, together with the Series 2008 Bonds, the "Prior Obligations"). Subsequently, all outstanding Series 2008 and Series 2009 Bonds were refinanced by issuing the City's $110,200,000 Senior Lien Special Tax Refunding Bonds, Series 2017 (the "Series 2017 Bonds").

Stadium Lease - As part of the Funding Agreement, the City entered into a lease with Cowboys Stadium, L.P. (the "Tenant") for the Complex. The Lease Agreement calls for an initial term of 30 years. Monthly lease payments of $166,666.67 began in June 2009, with an annualized rental rate of $2 million. The lease agreement contains several renewal options for guaranteed annual rental payments of $1 million for the first 10 years and $1.25 million thereafter. The Lease Agreement also provides the Tenant with an option to purchase the Complex from the City at the end of the initial lease term and each renewal option thereafter. Under the lease, the Tenant pays for all costs of operation and maintenance of the Complex. The tenant will also make separate annual payments to

the City, beginning during the construction period, equal to five percent of the net naming rights revenue, if any, received by the Tenant, capped at $500 thousand per year. The revenue for this fiscal year was $500,000. The cost of the stadium is $1,109,951,954, with accumulated depreciation of $382,497,735. The Stadium Lease falls within the scope of GASB Statement No. 87, which governs lease accounting, and is further detailed in Note I, Section I, and Note 14 of the financial statements.

Conduit Debt - In 2006, $147,865,000 Cowboys Complex Admissions and Parking Taxes Revenue Bonds, Taxable Series 2006 (the "Cowboys Admission and Parking Taxes Revenue Bonds") with a pledge of a 10% admissions tax and a $3 parking tax for events held at the Complex, with additional security provided by a Guaranty Agreement from The Cowboys Stadium, L.P., were issued to fund a portion of the Dallas Cowboys' funding for the Complex. The Cowboys Admission and Parking Taxes Revenue Bonds are not payable from or secured by any money raised or to be raised from property taxes or any other of the City's revenue sources and, accordingly, have not been reported as a liability in the City's financial statements, but are disclosed here as conduit debt. On September 30, 2025, outstanding conduit debt was $107,525,000.

Franchise—The City and the Dallas Cowboys Football Club, Ltd. entered into a franchise agreement that requires the Dallas Cowboys NFL football franchise to remain in Arlington and play seven of eight of the team's regular season home games in the Complex for a minimum of 30 years after the Complex opens. If the lease renewal options are exercised, the Cowboys' obligation to remain in Arlington is extended.

The 2016 Venue Election and the Rangers Project

At an election held in the City on November 8, 2016, pursuant to Chapter 334, of the Texas Local Government Code, as amended, a majority of the voters of the City voting at election voted in favor of a proposition authorizing the City to provide for the planning, acquisition, establishment, development, construction and financing of the Texas Rangers Complex Development Project (the "Rangers Project" and together with the Cowboys Project, the "Arlington Venue Projects") within the City and (i) to impose a parking tax, at a rate not to exceed three dollars ($3.00) on each motor vehicle parked in a parking facility of the Rangers Project (the "Rangers Parking Tax"); (ii) to impose an admissions tax on each ticket sold as admission to an event held at the Rangers Project, at a rate not to exceed ten percent (10%) of the price of the ticket sold as admission (the "Rangers Admissions Tax"); (iii) to authorize the use of the existing hotel occupancy tax, at a rate not to exceed two percent (2%) of the price paid for such room; (iv) to authorize the use of the existing sales tax within the City at a rate of one-half of one percent (0.5%); and (v) to authorize the use of the existing motor vehicle rental tax at a maximum rate of five percent (5%) for the purpose of financing the Rangers Project. The Texas Rangers are a professional baseball team operating under the rules and regulations of Major League Baseball. The Texas Rangers are based in the City and play their home games at Globe Life Park. The City's prior financing related to Globe Life Park is no longer outstanding and has been paid in full. Construction of the Rangers Project began in 2018, and the Texas Rangers began playing in the new ballpark starting in the 2020 baseball season. The Rangers Project will be a flexible, retractable-roof, multi-purpose, multifunctional ballpark and sports, special events, concert, and community and entertainment venue project designed to seat approximately 40,000 spectators to be used for the home games for the Texas Rangers and which may also be used for one or more additional professional or amateur sporting events, and which may also contain additional retail, restaurant and food service establishments, team training facilities and museums, and which also includes water, sewer, drainage and road improvements necessary to service the Rangers Ballpark, as well as parking facilities adjacent to the Rangers Ballpark.

Stadium Lease - As part of the Funding Agreement, the City entered into a lease agreement with the Rangers Stadium Company LLC (the "Tenant") for the lease of the Rangers Complex. The Lease Agreement provides for an initial term commencing upon occupation and continuing through January 1, 2054. Monthly lease payments of $166,666.67 commenced upon occupation, with an annualized rental rate of $2 million. The Lease Agreement provides several renewal options for guaranteed annual rental payments of $1 million for two successive renewal periods of five years each. The Lease Agreement also provides the Tenant with an option to purchase the Complex from the City at the end of the initial lease term and each renewal option thereafter. Under the lease, the Tenant pays for all costs of operation and maintenance of the Complex. The cost of the stadium is $1,284,106,396 with an accumulated depreciation of $151,264,414.

Conduit Debt - In 2020, $321,717,000 Rangers Baseball Complex Admissions and Parking Taxes Revenue Bonds, Taxable Series 2020 (the "Rangers Admission and Parking Taxes Revenue Bonds") with a pledge of a 10% admissions tax and a $3 parking tax for events held at the Complex were issued. The Rangers Admission and Parking Taxes Revenue Bonds are not payable from or secured by any money raised or to be raised from property taxes or any other of the City's revenue sources and, accordingly, have not been reported as a liability in the City's financial statements but are disclosed here as conduit debt. On September 30, 2025, outstanding conduit debt was $305,452,000.

Franchise - The City and Rangers Baseball LLC. entered into a non-relocation agreement that requires the Texas Rangers franchise to remain in Arlington and to play the team's regular season home games in the existing ballpark during the construction of the new Ballpark. Once the new Ballpark is operational, the team will remain in Arlington and play its regular-season home games through January 1, 2054. If the lease renewal options are exercised, the Rangers' obligation to stay in Arlington is extended for the renewal term.

Venue Project Debt
In 2018, the City issued an additional $266,080,000 of Senior Lien Special Tax Revenue Bonds, Series 2018A, $28,250,000 Senior Lien Special Tax Revenue Bonds, Series 2018B, and $171,095,000 Subordinate Lien Special Tax Revenue Bonds, Series 2018C for the City's portion of the Ballpark Venues' construction.

4. RECEIVABLES

Receivables as of September 30, 2025, for the government's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following (amounts expressed in thousands):

	General	Debt Service	Storm Water Utility	Water & Sewer	Street Capital Projects	Other Nonmajor Funds	Internal Service Funds	Total
Receivables:								
Taxes	$ 9,987	$ 408	$ -	$ -	$ -	$ 5,507	$ -	$ 15,902
Franchise Fees	5,207	-	-	-	-	-	-	5,207
Trade Accounts	-	-	2,081	16,562	-	139	-	18,782
Unbilled Trade Account	-	-	1,107	12,514	-	-	-	13,621
Special Assessments	-	-	-	-	-	-	-	-
Sales Taxes	16,249	8,125	-	-	-	136	-	24,510
Lease agreements	54,875	-	-	2,582	-	34,448	-	91,905
PPP Receivable	56,352	-	-	-	-	-	-	56,352
Accrued Interest	6,475	106	-	21	-	76	2	6,680
Other	3,973	78	843	373	223	5,282	634	11,406
Gross Receivables	153,118	8,717	4,031	32,052	223	45,588	636	244,365
Less: Allowance for Uncollectibles	(3,620)	-	(112)	(1,586)	-	-	-	(5,318)
Net total Receivables	$ 149,498	$ 8,717	$ 3,919	$ 30,466	$ 223	$ 45,588	$ 636	$ 239,047

5. CAPITAL, LEASE, SBITA, and PPP ASSETS

Capital, lease, SBITA, and PPP asset activity for the year ended September 30, 2025 was as follows:

(Amounts expressed in thousands)

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 289,306	$ 2,354	$ -	$ 291,660
Construction in progress-other	214,445	91,781	(120,463)	185,763
Total capital assets, not being depreciated	503,751	94,135	(120,463)	477,423
Capital, lease, SBITA, & PPP assets, being depreciated/amortized:				
Buildings and improvements	2,663,971	79,064	-	2,743,035
Equipment	167,625	9,908	(7,500)	170,033
Right-to-Use buildings	4,085	1,047	-	5,132
Right-to-Use equipment	2,879		-	2,879
SBITA assets	9,096	2,948	-	12,044
PPP assets	207,446	36,716	-	244,162
Infrastructure	1,129,939	35,095	-	1,165,034
Total capital, lease, SBITA & PPP assets, being depreciated/amortized	4,185,041	164,778	(7,500)	4,342,319
Less accumulated depreciation/amortization for:				
Buildings and improvements	670,819	63,102	-	733,921
Equipment	144,671	10,608	(7,426)	147,853
Right-to-Use buildings	1,512	1,534	-	3,046
Right-to-Use equipment	888	806	-	1,694
SBITA assets	3,538	2,385	-	5,923
PPP assets	2,074	4,516	-	6,590
Infrastructure	809,154	22,639	-	831,793
Total accumulated depreciation/amortization	1,632,656	105,590	(7,426)	1,730,820
Total capital, lease, SBITA, & PPP assets, being depreciated/amortized, net	2,552,385	59,188	(74)	2,611,499
Governmental activities capital, lease, SBITA, & PPP assets, net	$ 3,056,136	$ 153,323	$ (120,537)	$ 3,088,922

	Balance at Beginning Of Year	Additions	Retirements	Balance at End Of Year
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 29,916	$ 26	$ -	$ 29,942
Construction in progress	235,117	63,396	(53,891)	244,622
Total capital assets, not being depreciated	265,033	63,422	(53,891)	274,564
Capital and SBITA assets, being depreciated:				
Buildings and improvements	64,282	10,643	-	74,925
Drainage System	172,160	301	-	172,461
Water and sewer system	1,182,819	51,027	-	1,233,846
Machinery and equipment	13,960	1,100	-	15,060
SBITA assets	583	-	-	583
Total capital and SBITA assets, being depreciated	1,433,804	63,071	-	1,496,875
Less accumulated depreciation for:				
Buildings and improvements	31,927	1,608	-	33,535
Drainage System	61,654	3,720	-	65,374
Water and sewer system	455,903	23,306	-	479,209
Machinery and equipment	13,198	387	-	13,585
SBITA assets	314	203	-	517
Total accumulated depreciation	562,996	29,224	-	592,220
Total capital and SBITA assets, being depreciated/amortized, net	870,808	33,847	-	904,655
Business-type activities capital and SBITA assets, net	$ 1,135,841	$ 97,269	$ (53,891)	$ 1,179,219

Depreciation and amortization expense was charged to functions/programs of the primary government as follows (in thousands):

Governmental activities:	
General government	$ 75,136
Public safety	379
Parks and recreation	993
Public works	22,691
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	6,391
Total depreciation and amortization expense – governmental activities	$ 105,590
Business-type activities:	
Storm water utility	$ 3,471
Water and sewer	24,121
Nonmajor fund - Aviation	1,632
Total depreciation expense – business-type activities	$ 29,224

(Amounts expressed in thousands)

	Balance at Beginning Of Year	Additions	Retirements	Balance at End Of Year
Arlington Housing Authority, Inc				
Capital, lease and SBITA assets, being depreciated:				
Buildings and Improvements	$ 677	$ -	$ -	$ 677
Lease Assets	1,000	-	-	1,000
SBITA Assets	243	-	-	243
Furniture, equipment, and machinery	443	-	-	443
Total capital, lease, and SBITA assets, being depreciated/amortized	2,363	-	-	2,363
Less accumulated depreciation/amortization for:				
Furniture, buildings, lease and SBITA assets, machinery and equipment	(1,033)	(199)	-	1,231
Total accumulated depreciation/amortization	(1,033)	(199)	-	(1,231)
Arlington Housing Authority, Inc. Capital Assets, net	$ 1,330	$ (199)	$ -	$ 1,132

(Amounts expressed in thousands)

	Balance at Beginning Of Year	Transfers and Additions	Transfers and Retirements	Balance at End Of Year
Arlington Convention and Visitors Bureau, Inc.				
Capital assets, being depreciated:				
Property and fixtures	$ 282	$ -	$ -	$ 282
Event fixtures	208	5	-	213
Computer equipment and software	217	35	-	252
Leasehold improvements	4,428	-	-	4,428
Total capital assets, being depreciated	5,135	40	-	5,175
Less accumulated depreciation for:				
Machinery, equipment, construction in progress	(801)	(261)	-	(1,062)
Total accumulated depreciation	(801)	(261)	-	(1,062)
Arlington Convention and Visitors Bureau, Inc. Capital Assets, net	$ 4,334	$ (221)	$ -	$ 4,113

6. PENSION AND EMPLOYEE RETIREMENT PLANS

Texas Municipal Retirement System

A. Plan Description

The City provides pension benefits for all its full-time employees through a nontraditional, joint contributory, hybrid defined benefit cash balance pension plan in the state-wide Texas Municipal Retirement System (TMRS), one of 909 administered by TMRS, an agent, multiple-employer public employee retirement system. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under

Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. The contribution rate for the employees is 7%, and the city matching ratio is currently 2 to 1, both as adopted by the governing body of the city.

Initiated in 1998, the City provides on an annually repeating basis annuity increases for retirees, which are also referred to as cost of living adjustments (COLAS). Currently, that amount is equal to 50% of the change in the consumer price index (CPI). The amount of the COLA percentage can only be changed by a City-adopted ordinance.

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2,322
Inactive employees entitled to but not yet receiving benefits	1,597
Active Employees	2,864
	6,783

C. Contributions

The contribution rates for employees in TMRS is 7% of employee gross earnings, and the City matching percentages are 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarial determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.74% and 11.70% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were $28,976,878.

D. Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of December 31, 2024, and the Total Pension Liability (Asset) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date. Actuarial assumptions: The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75% per year

Salary increases were based on a service-related table. Mortality rates for active members are based on the

PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvement. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and a 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Other Public and Private Markets	4.0%	7.30%
Real Estate	12.0%	6.70%
Hedge Funds	5.0%	6.40%
Infrastructure	6.0%	6.00%
Private Debt	13.0%	8.20%
Private Equity	13.0%	8.50%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability (Asset)

Plan fiduciary net position as a percentage of the total pension liability		99.75%
Covered payroll	$	246,694,799
Net pension liability (asset) as a percentage of covered employee payroll		1.68%

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower 5.75% or 1-percentage-point higher 7.75% than the current rate:

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
City's net pension liability (asset)	$ 227,578,587	$ 4,156,407	$ (180,247,171)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com

E. Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of $38,046,151.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual economic experience	$ -	$ 15,394,168
Changes of assumptions	-	-
Net difference between projected actual earnings on pension plan investments	15,933,069	-
Contributions subsequent to the measurement date	21,440,786	-
Total	$ 37,373,855	$ 15,394,168

$21,440,786 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2025	$ 9,704,103
2026	23,119,429
2027	(21,947,589)
2028	(10,337,042)
Total	$ 538,901

Schedule of Changes in Net Pension Liability/(Asset)

Total pension liability	
Service Cost	$ 43,146,920
Interest (on the Total Pension Liability)	105,601,050
Difference between expected and actual experience	12,824,921
Benefit payments, including refunds of employee contributions	(79,820,374)
Net change in plan fiduciary net position	81,752,517
Total pension liability - beginning	1,582,796,732
Total pension liability - ending	$ 1,664,549,249
Plan fiduciary net position	
Contributions - employer	$ 26,494,454
Contributions - employee	17,268,636
Net investment income	159,682,863
Benefit payments, including refunds of employee contribution	(79,820,374)
Administrative Expense	(1,024,768)
Other	(23,967)
Net change in plan fiduciary net position*	122,576,843
Plan fiduciary net position - beginning	1,537,815,999
Plan fiduciary net position - ending	1,660,392,842
Net pension liability	$ 4,156,407

*Totals may not add due to rounding

Part-Time, Seasonal and Temporary Employees Deferred Income Plan

The Part-Time, Seasonal and Temporary Employees Deferred Income Plan (PSTDIP) provides a retirement benefit for those employees not eligible to participate in the Texas Municipal Retirement System. PSTDIP issues stand-alone financial statements at June 30th each year that can be obtained from the City of Arlington at 101 S. Mesquite St., Suite 800, Arlington, TX 76010.

Plan Description

Plan administration. The Part-Time, Seasonal and Temporary Employee Deferred Income Plan (PSTDIP) is a single-employer defined benefit pension plan that provided retirement, disability, and death benefits to part-time, seasonal, and temporary employees of the City who were not eligible to participate in the Texas Municipal Retirement System (TMRS). The plan was administered by the City's Retirement Committee. The PSTDIP was frozen effective March 31, 2024, and no additional benefits have accrued since that date. The City subsequently terminated the plan, with remaining assets designated to satisfy outstanding obligations to eligible participants in accordance with plan provisions.

Benefits. PSTDIP provides retirement, disability and death benefits. Retirement benefits are calculated as the lesser of (a) an actuarially equivalent life annuity based on 2.5 times employee contributions with interest, or (b) an annuity based on average compensation, credited service, and an applicable benefit multiplier. Plan members are eligible to retire at age 65. Disability and death benefits are actuarially equivalent to retirement benefits,

Contributions. Contribution rates were established by the Retirement Committee based on an actuarially determined contribution recommended by an independent actuary. Employees contributed a fixed percentage of pay, and the City contributed the remaining amount necessary to find the plan. Because the PSTDIP plan was frozen and subsequently terminated, no employee or employer contributions were made during the fiscal year ended September 30, 2025.

At the June 30, 2025 valuation and measurement date, the following employees were covered by the terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	-
Active Employees	-
	8

Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of June 30, 2025 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	N/A (closed plan)
Discount Rate	5.00%

Mortality rates were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables, with rates multiplied by 103% for males and 105% for females. The rates were projected on a fully generational basis using the ultimate mortality improvement rates in MP-2021 to account for future mortality improvements.

Discount Rate

The discount rate used to measure the Total Pension Liability was 5.00%, which reflects the long-term expected rate of return on plan investments.

Closed Plan Disclosure

The plan was frozen as of March 31, 2024, with no new entrants or benefit accruals after that date. Furthermore, effective August 1, 2025, the plan was terminated. Prior to the June 30, 2025 measurement date, the vast majority of plan members were paid the value of their expected future benefit payments as a single lump-sum payment, with no further obligations from the plan. Effective August 1, 2025 (subsequent to the measurement date) the obligations of the future payments of remaining members were transferred to a separate insurance entity through annuity purchases.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balance at 10/01/2024	$ 2,690,894	$ 3,361,702	$ (670,808)
Changes for the year:			
Service Cost	-	-	-
Interest	79,607	-	79,607
Change of benefit term	-	-	-
Difference between expected and actual experience	(413,424)	-	(413,424)
Changes of assumptions	-	-	-
Contributions-employer	-	-	-
Contributions-employee	-	-	-
Net investment income	-	173,502	(173,502)
Benefit payments, including refunds			
of employee contributions	(2,197,505)	(2,197,505)	-
Administrative expense	-	(117,794)	117,794
Other changes	-	-	-
Net changes	(2,531,322)	(2,141,797)	(389,525)
Balance at 9/30/25	$ 159,572	$ 1,219,905	$ (1,060,333)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 5.00%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	Discount Rate (4.00%)	Discount Rate (5.00%)	Discount Rate (6.00%)
City's net pension asset	$ (1,047,615)	$ (1,060,333)	$ (1,071,437)

Pension Plan Fiduciary Net Position

For the year ended September 30, 2025, the City recognized pension expense of $(258,967). Because the pension plan was frozen and terminated during fiscal year 2025, no service cost or employer contributions were recognized for the fiscal year.

At September 30, 2025, the City reported no deferred inflows of resources related to pensions resulting from contributions subsequent to the measurement date. Deferred outflows and inflows of resources related to pensions arising from differences between projected and actual investment earnings will be recognized in pension expense in future periods in accordance with GASB Statement No. 68. Because the plan is frozen, such amounts are amortized over a closed period consistent with the requirements of GASB Statement No. 68.

	Deferred Outflow of Resources
Differences between expected and actual economic experience	$ -
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	45,502
Contributions subsequent to the measurement date	-
Total	$ 45,502

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2026	$ 45,502
2027	-
2028	-
2029	-
Total	$ 45,502

Thrift Savings Plan

All full-time City employees may participate in the Thrift Savings Plan (the "Thrift"), a single-employer defined contribution plan administered by the Retirement Committee at the City. The plan provisions and contribution savings are adopted and amended by the City Council, within the options available in the federal statutes governing Internal Revenue Code, section 401(k). This voluntary IRS Code 401(k) plan allows all full-time City employees to contribute between 1 percent to 10 percent of their salary with the City matching the first 6 percent of employee contributions at 50 cents to the dollar. Partial vesting of employer contributions begins after three years of participation with full vesting taking place after six years of participation. At September 30, 2025, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was $400,984,000.

The City's total payroll during fiscal 2025 was $261,072,000. The current year contribution was calculated based on a covered payroll of $229,973,000, resulting in a required and actual employer contribution of $4,884,000 and actual employee contributions of $12,407,000. The employer contribution represents 2.13 percent of the covered payroll. The employee contribution represents approximately 5.39 percent of the covered payroll.

There were no material changes to the Thrift plan during fiscal 2025. There were no related-party transactions. The Thrift Plan does not issue separate stand-alone financial statements.

City contributions for the above plans for the year ended September 30, 2025, are as follows (amounts in thousands):

TMRS	$ 28,977
THRIFT	4,884
PSTDIP	-
	$ 33,861

7. OTHER EMPLOYEE AND POSTEMPLOYMENT BENEFITS

Disability Income Plan

Plan Description

Effective October 1, 1992, the City began providing active employees with disability insurance through a policy obtained from a commercial carrier. Previously, all City employees had participated in a Disability Income Plan (DIP), a single-employer other postemployment benefit disability plan, which had been funded by actuarial determined contributions. This plan had been accounted for in the DIP fund. Benefits to employees who were disabled while participating under the previous plan will continue to be paid from the remaining assets of the DIP fund, a fiduciary fund of the City.

Plan Description. DIP is a single-employer defined benefit disability income plan that covers the employees of the City. The plan originally provided in-service death benefits and long term disability benefits commencing upon disablement. The plan was amended to eliminate the in-service death benefit and to start disability payments at age 65. The plan contemplates that long term disability benefits will be provided through a separate LTD insurance contract prior to age 65. The retired life liability for current disabled employees (many of whom are under age 65) is retained under the plan.

The Disability Income Plan does not issue separate GAAP financial reports. Its financial statements are presented below as of and for the year-ended September 30, 2025. (amounts in thousands):

STATEMENT OF FIDUCIARY NET POSITION

ASSETS	
Investments:	
Money market fund	1,145
Total Investments	1,145
Total Assets	1,145
LIABILITIES	
Accounts payable	-
Total Liabilities	-
NET POSITION	
Restriction for OPEB	1,145
Total Net Position	$ 1,145

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ADDITIONS	
Net appreciation in fair value of investments	24
Total Additions	24
DEDUCTIONS	
Benefits	99
Plan administration	15
Total Deductions	114
Increase (Decrease) in Net Position	(90)
Net Position, October 1	1,235
Net Position, September 30	$ 1,145

Benefits Provided

The amount of monthly benefit payable to the employee is provided by 60% of basic earnings not less than $50 less the sum of TMRS benefit plus worker's compensation plus social security benefits.

In September of 2012, the City amended the Disability Income Plan to limit benefit eligibility to:

a. Former employees who were receiving disability income from the trust as of September 18, 2012, and
b. Former employees who, as of September 18, 2012, were receiving benefits from the City's Long Term Disability (LTD) plan and were in active service prior to January 1, 1993.

Because the amendment closed the plan to any future disabled employees, there is no longer any liability attributable to the City's active employees. At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	8
Inactive, Nonretired Members	-
Active Members	-
	8

Contributions

The retirement committee of the City has the authority to establish and amend contribution requirements of the plan. The City's contribution is determined through an actuarial valuation. For the year ended September 30, 2025, the City contributed $45,794 to the plan. Administrative costs of DIP are financed through investment earnings.

Net Disability Income Plan Liability

The City's Total Disability Income Plan Liability was measured as of December 31, 2024.

Actuarial assumptions:

The Total Disability Income Plan Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	5%
Inflation	2.5%
Salary Increases	N/A; no active employees
Cost of Living Adjustment	The offsets are assumed to increase by 1.38% per annum. The offsets are assumed to increase in Janaury.
Commencement of Plan Benefits	Age 65 for participants on the LTD plan

Changes in the Net Disability Income Plan Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balance at 10/01/2024	$ 1,000,533	$ 1,186,523	$ (185,990)
Changes for the year:			
Service Cost	-	-	-
Interest on total OPEB liability	47,599	-	47,599
Change of benefit term	-	-	-
Difference between expected and actual experience	(106,068)	-	(106,068)
Changes of assumptions or other inputs	-	-	-
Employer contributions	-	45,794	(45,794)
Net investment income	-	55,286	(55,286)
Benefit payments	(97,108)	(97,108)	-
Administrative expense	-	(15,694)	15,694
Net changes	(155,577)	(11,722)	(143,855)
Balance at 9/30/25	$ 844,956	$ 1,174,801	$ (329,845)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

Regarding the sensitivity of the net OPEB liability (asset) to changes in the Single Discount Rate, the following presents the plan's net OPEB liability (asset), calculated using a discount rate of 5.00%, as well as what the plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	Discount Rate (4.00%)	Discount Rate (5.00%)	Discount Rate (6.00%)
City's net OPEB liability (asset)	$ (265,196)	$ (329,845)	$ (386,484)

For the year ended September 30, 2025, the City recognized OPEB expense of $(71,360).

At September 30, 2025, the City reported deferred outflows of resources related to disability income plan as detailed below:

	Deferred Outflows of Resources
Differences between expected and actual experience	$ -
Changes of assumptions and other inputs	-
Contributions subsequent to the measurement date	
Net difference between projected and actual earnings on OPEB plan investments	79,602
Total	$ 79,602

Deferred outflows and deferred inflows of resources, by year, to be recognized in future OPEB expense:

Year Ended September 30:	
2026	$ 46,711
2027	41,567
2028	(9,149)
2029	473
Total	$ 79,602

Retiree Health Insurance

The City administers a single-employer self-funded health care plan. The plan provides post-retirement health care benefits to eligible retirees and their dependents. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

To be eligible for retiree health insurance, an employee must be eligible to retire from the City based upon the policies and requirements of the Texas Municipal Retirement System ("TMRS") and elect to retire at the time of separation from the City. If a retiree has coverage through another employer, they must waive the City retiree coverage until the employer-based coverage terminates. As of December 31, 2024, there were 285 retired employees who met this requirement.

An employee may retire from the City based on one of the following circumstances: (1) the employee becomes eligible and elects to retire under the Texas Municipal Retirement System (TMRS) after either 20 years of service credit at any age, or after a minimum of five years of service at age 60; (2) the employee becomes eligible and elects to retire under the provisions of TMRS relating to disability retirement.
Benefits Provided

A Retiree may be eligible for insurance benefits that include: medical, dental, and vision benefits, regardless of the number of years worked for the City. However, to be eligible for a contribution from the City toward medical insurance, the Retiree must meet all of the following requirements:

- Be a minimum of age 50 and have a minimum of 10 years of full-time service with the City and age plus years of service with the City must equal at least 70.

- Elect to receive their TMRS pension at the time of separation from the City.
- Be hired/re-hired OR transferred to a Full-time status prior to January 1, 2006.

Retiree Health Insurance City Benefit Payments

The City's payment toward retiree health insurance premiums is based upon five criteria: Date of Hire, Re-hire, or Full-time Status; Years of Full-time Service with the City; Age; Election of TMRS Pension; and Date of Retirement.

1. Retirees who were hired/re-hired or transferred into a full-time status prior to 1/1/2006 have a City contribution based on their years of eligible service with the City. Retirees who were hired/re-hired or transferred into a full-time status after 1/1/2006 have no City contribution; however they may elect to pay the full cost and remain on the City's health plan.
2. Retirees who are TMRS eligible and elect a pension, are a minimum of age 50 and have 10 years of full-time service with the City are eligible for a City contribution if hired, re-hired, or transferred into a full-time status prior to 1/1/2006.
3. Retirees who are TMRS eligible, have elected a pension but have less than 10 years of full-time service with the City are not eligible for the City contribution, but may elect insurance benefits and pay the full premium.
4. Retirees who retired prior to 1/1/2008 have a City contribution toward their dependent's health coverage. Retirees who are retiring after 1/1/2008 do not have a contribution toward their dependent's health care.
5. Effective January 1, 2014, the City's retiree contribution was changed to a flat rate based on date of retirement. The contribution for retirees over the age of 65 has $50 of the contribution designated for Medicare pharmacy coverage.

Benefit Payments The City Council through the budget process has the authority to establish and amend payment requirements of the plan. Currently the plan is funded on a pay-as-you-go basis. The City's payments for the year ended September 30, 2025 were $5,078,260.

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	934
Inactive employees entitled to but not yet receiving benefits	285
Active Employees	2,809
	4,028

Net OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2024.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	4.08%
Inflation	2.50% per year
Salary Increases	3.60% to 11.85%, including inflation
Demographic Assumptions	Based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rate in the MP -2021 table to account for future mortality improvements
Health Care Trend Rates	Pre-65: Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years; Post-65: Initial rate of 5.90% declining to an ultimate rate of 4.25% after 9 years
Participation Rates	Following rates apply for retirees that are eligible for a subsidy and retire between the ages of 50 and 65: 45% for retirees with 10-14 years of service; 55% for retirees with 15-19 years of service; 65% for retirees with 20-24 years of service; 75% for retirees with 25-29 years of service; 80% for retirees with 30 or more years; 70% for retirees that are eligible for a subsidy and retire after the age of 65; 20% for retirees that are not eligible for a subsidy from the City; 10% for retirees that are eligible for a subsidy and retire before the age of 50

Discount Rate:

The discount rate used to measure the Total OPEB Liability was changed from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024. The discount rate was based on Fidelity index's "20-Year Municipal GO AA Index" rate.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 10/01/2024	$ 97,012,227
Changes for the year:	
Service Cost	2,101,397
Interest on total OPEB liability	3,600,286
Change of benefit term	-
Difference between expected and actual experience	(4,851,446)
Changes of assumptions or other inputs	(134,186)
Benefit payments	(5,129,244)
Net changes	(4,413,193)
Balance at 9/30/25	$ 92,599,034

Covered-employee payroll	$246,694,799
Total OPEB liability as a percentage of covered payroll	37.54%

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

	Discount Rate (3.08%)	Discount Rate (4.08%)	Discount Rate (5.08%)
City's total OPEB liability	$ 101,430,477	$ 92,599,034	$ 84,865,549

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, calculated using the assumed trend rates as well as what the City's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
City's total OPEB liability	$ 88,733,538	$ 92,599,034	$ 97,065,427

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 2,578,965	$ 14,141,781
Changes of assumptions and other inputs	4,602,555	12,238,925
Benefit payments subsequent to the measurement date	3,558,477	-
Total	$ 10,739,997	$ 26,380,706

For the year ended September 30, 2025, the City recognized OPEB expense of $2,825,816.

Deferred outflows and deferred inflows of resources, by year, to be recognized in future OPEB expense (excluding City-provided benefit payments made subsequent to the measurement date):

Year Ended September 30:	
2026	$ (2,811,538)
2027	(3,296,176)
2028	(5,637,302)
2029	(5,503,708)
2030	(1,100,138)
Thereafter	(850,324)
Total	$ (19,199,186)

Supplemental Death Benefits Plan

Plan Description

Texas Municipal Retirement System ("TMRS") administers a single-employer defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum

payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other post-employment benefit ("OPEB") and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB75).

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Benefits Provided

TMRS provides death benefits to retirees at a fixed amount of $7,500.

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,820
Inactive employees entitled to but not yet receiving benefits	454
Active Employees	2,864
	5,138

Contributions

The total contribution rate is .25% of employee gross earnings, with .12% of that rate being the retiree portion. The City's contributions to TMRS for the year ended September 30, 2025, were $633,558.

Total OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2024.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary Increases	3.60% - 11.85% including inflation
Discount Rate	4.08%

Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor. Actuarial assumptions used in the December 31, 2021, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period ending December 31,2022.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.08%, up from 3.77% in the previous year. The discount rate was based on Fidelity index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 10/01/2024	$ 9,835,064
Changes for the year:	
Service Cost	296,034
Interest on total OPEB liability	370,317
Change of benefit term	-
Difference between expected and actual experience	(23,177)
Changes of assumptions or other inputs	(515,974)
Benefit payments	(320,703)
Net changes	(193,503)
Balance at 9/30/25	$ 9,641,561

Covered payroll	$246,694,799
Total OPEB liability as a percentage of covered payroll	3.91%

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

	Discount Rate (3.08%)	Discount Rate (4.08%)	Discount Rate (5.08%)
City's total OPEB liability	$ 11,456,459	$ 9,641,561	$ 8,215,842

For the year ended September 30, 2025, the City recognized OPEB expense of $370,093.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience		$ 24,222
Changes of assumptions and other inputs		1,860,048
Benefit subsequent to the measurement date	458,136	
Total	$ 458,136	$ 1,884,270

Deferred inflows of resources, by year, to be recognized in future OPEB expense (excluding City-provided benefits made subsequent to the measurement date):

Year Ended September 30:	
2025	$ (518,998)
2026	(762,782)
2027	(495,094)
2028	(47,070)
2029	(60,326)
Total	$ (1,884,270)

8. DEBT AND LIABILITIES

General Obligation Bonds

There were no General Obligation Bonds issued in FY2025.

General obligation bonds currently outstanding are as follows (amounts in thousands):

Governmental activities	2-5%	$ 363,270
Governmental activities refunding	2-5%	100,610
Total Governmental		$ 463,880

Annual debt service requirements to maturity for general obligation bonds are as follows (amounts in thousands):

Year Ending September 30	Principal	Interest
2026	$ 38,495	$ 19,156
2027	37,750	17,469
2028	35,215	15,731
2029	33,095	14,231
2030	33,165	12,827
2031-2035	152,155	43,650
2036-2040	99,950	17,508
2041-2045	34,055	2,909
	$ 463,880	$ 143,481

General obligation debt authorized and unissued as of September 30, 2025, amounted to $430,235,000.

General Obligation Pension Bonds

Annual debt service requirements to maturity for general obligation pension bonds are as follows (amounts in thousands):

Year Ending September 30	Principal	Interest
2026	$ 9,155	$ 2,198
2027	9,245	2,109
2028	9,345	2,010
2029	9,465	1,888
2030	9,600	1,756
2031-2035	50,455	6,312
2036-2040	32,675	1,390
	$ 129,940	$ 17,663

Certificates of Obligation

On August 28, 2025, the City issued $8,230,000 in Combination Tax and Revenue Certificates of Obligation, Series 2025. Proceeds from the sale of the Certificates will be used for (i) designing, developing, constructing, improving, and repairing the Arlington Municipal Airport, including the airport apron; (ii) designing, developing, constructing, improving, repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition

of any right of way therefor; and (iii) professional services incurred in connection with items (i) and (ii), and (iv) the payment of professional services of attorneys, financial advisors and other professionals in connection with the projects and the issuance of the Certificates. Total interest requirements for the CO Series 2025 bonds at a rate from 3.5 to 4.0 percent is $3,990,607 in the aggregate.

Annual debt service requirements to maturity for certificates of obligation of the primary government as of September 30, 2025, are as follows (amounts in thousands):

Year Ending September 30	Principal	Interest
2026	$ 6,390	$ 1,242
2027	5,010	1,020
2028	4,435	839
2029	3,960	679
2030	3,455	532
2031-2035	6,055	1,720
2036-2040	2,845	755
2041-2045	2,050	275
	$ 34,200	$ 7,062

Special Tax Revenue Debt

Annual debt service requirements to maturity for special tax revenue of the primary government as of September 30, 2025, are as follows (amounts in thousands):

Year Ending September 30	Principal	Interest
2026	$ 3,300	$ 18,275
2027	4,355	18,096
2028	5,515	17,861
2029	5,280	17,603
2030	6,615	17,317
2031-2050	360,880	178,019
	$ 385,945	$ 267,171

Revenue Bonds

The City also issues bonds where the government pledges income derived from the operations of the Water and Sewer Fund and the Storm Water Utility Fund.

On February 25, 2025, the City issued Water & Wastewater System Revenue Bonds, Series 2025 (TWDB) in the amount of $16,585,000 less bond origination fee of $285,246. The Bonds will be used for the purposes of (i) improving and extending the System, including specifically the Project; and (ii) paying the costs of issuing the Bonds. These bonds are held by the Texas Water Development Board (TWDB). These bonds will mature June 1 over a period from 2026 to 2045. Interest, at a rate of 1.82 to 2.79 percent, is $4,165,408 in aggregate for this bond.

On July 23, 2025, the City issued $49,600,000 in Water and Wastewater System Revenue Bonds, Series 2025A. Proceeds from the sale of the Bonds will be used for the purpose of (i) improving and extending the System; and (ii) paying the costs of issuance associated with the sale of the Bonds. These bonds mature June 1 over a period from 2026 to 2045. Interest, at a rate of 5.0 percent, is $25,681,778 in the aggregate for this bond.

On July 23, 2025, the City issued $13,195,000 in the Municipal Drainage Utility System Revenue Bonds, Series 2025. Proceeds from the sale of the Bonds will be used for the purpose of (i) paying the costs of drainage improvements,

including the acquisition and construction of equipment and facilities for the System; and (ii) paying costs of issuance associated with the sale of the Bonds. These bonds mature June 1 over a period from 2026 to 2045. Interest, at a rate of 5.0 percent, is $6,834,453 in the aggregate for this bond.

The revenue bond debt service requirements to maturity are as follows (amounts in thousands):

	Business Activities					
Year Ending	Water/Wastewater		Water/Wastewater TWDB		Storm Water Utility	
September 30	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 20,555	$ 10,182	$ 7,100	$ 686	$ 5,165	$ 2,660
2027	20,560	9,601	7,100	651	5,140	2,558
2028	19,405	8,682	7,090	614	5,105	2,357
2029	17,640	7,809	7,085	575	5,070	2,152
2030	17,625	7,026	7,085	534	5,030	1,952
2031-2035	82,000	24,524	31,790	2,088	20,270	7,095
2036-2040	53,600	10,549	22,965	1,049	16,835	3,380
2041-2045	23,455	2,691	4,135	338	7,240	803
	$ 254,840	$ 81,064	$ 94,350	$ 6,535	$ 69,855	$ 22,957

Net revenues of the City's water operations have been pledged for repayment of the City's Water & Wastewater revenue bonds. The amount of the pledge is equal to the remaining outstanding debt service requirements for these bonds, which were all originally issued to provide funding for construction of the water and wastewater systems. The pledge continues for the life of the bonds. For the year ended September 30, 2025, net pledged revenues for the water enterprise fund were $108,656,000 and debt service on the revenue bonds was $24,440,000.

Gross revenues of the City's storm water utility have been pledged for repayment of the City's Storm Water Utility revenue bonds. The amount of the pledge is equal to the remaining outstanding debt service requirements for these bonds, which were all originally issued to provide funding for drainage improvements of the City's Storm Water infrastructure. The pledge continues for the life of the bonds. For the year ended September 30, 2025, gross pledged revenues for the City's Storm Water Utility were $24,748,000 and debt service on the revenue bonds was $4,545,000.

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2025 (amounts expressed in thousands):

	10/1/2024	Increases	Reductions	9/30/2025	Due Within One Year
Governmental activities:					
General obligation debt	$ 641,325	$ -	$ (47,505)	$ 593,820	$ 47,650
Certificates of obligation	31,930	8,230	(5,960)	34,200	6,390
Special tax revenue debt	479,740	-	(93,795)	385,945	3,300
Premium on special bonds	36,756	-	(11,496)	25,260	-
Premium on general bonds	38,762	449	(13,086)	26,125	-
Discount on general bonds	(682)		547	(135)	
Discount on special bonds	(780)	-	780	-	-
Net governmental bonds payable	1,227,051	8,679	(170,515)	1,065,215	57,340
Compensated absences*	39,833		(1,143)	38,690	4,551
Claims	11,442	6,725	(5,822)	12,345	6,212
Estimated pollution remediation	38	-	(5)	33	-
Net pension liability	42,057	-	(38,171)	3,886	-
Total other post-employment benefit liability	99,903	-	(4,308)	95,595	5,682
Rebateable abitrage payable	2,114	1,430	-	3,544	-
Total governmental long-term liabilities	$ 1,422,438	$ 16,834	$ (219,964)	$ 1,219,308	$ 73,785
Business-type activities:					
Water and sewer bonds	$ 308,162	$ 66,185	$ (25,157)	$ 349,190	$ 27,655
Premium on water and sewer bonds	13,694	3,793	(5,131)	12,356	-
Storm water utility bonds	61,205	13,195	(4,545)	69,855	5,165
Premium/Discount on storm water utility bonds	3,606	1,009	(1,238)	3,377	-
Net water and sewer bonds payable	386,667	84,182	(36,071)	434,778	32,820
Compensated Absences*	2,908	505		3,413	339
Net pension liability	2,924	-	(2,654)	270	-
Total other postemployment benefit liability	6,945	-	(299)	6,646	395
Rebatable arbitrage payable	318	681	-	999	-
Total business-type long term liabilities	$ 399,762	$ 85,368	$ (39,024)	$ 446,106	$ 33,554

*The change in the compensated absences liability is presented as a net change

Net Pension Liability and OPEB Liability – The net pension and OPEB liability represents the actuarially-determined liability for employees' projected pension and OPEB benefit payments to be provided to current active and inactive employees; that is attributed to those employees' past periods of service, less the pension plans and OPEB plan's fiduciary net position. The City allocates pension and OPEB items between governmental activities and business type activities based on employee payroll funding.

9. PRIOR YEAR BOND REFUNDINGS AND REDEMPTIONS

In FY25, the City redeemed special tax revenue bonds from the Venue Fund.

FY25 Redemptions Bond	Maturity Date	Interest Rate	Par Amount
Senior Lien Special Tax Revenue Refunding Bonds, Series 2017			
Redeemed January 15, 2025	2/15/2029	5.000%	$ 8,600,000
	2/15/2030	5.000%	9,000,000
	2/15/2031	5.000%	9,500,000
	2/15/2032	5.000%	11,210,000
	2/15/2033	5.000%	11,780,000
	2/15/2034	5.000%	12,385,000
			$ 62,475,000
Redeemed August 15, 2025	2/15/2026	5.000%	$ 7,000,000
	2/15/2027	5.000%	7,350,000
	2/15/2028	5.000%	7,700,000
			$ 22,050,000

10. INTERFUND TRANSACTIONS

A summary of interfund receivables and payables at September 30, 2025, is as follows (amounts in thousands):

Fund	Interfund Receivables	Interfund Payables
General Fund	$ 11,466	$ -
Nonmajor Funds	-	11,466
	$ 11,466	$ 11,466

The General Fund receivable represents cash provided to nonmajor funds and will be reimbursed in 2026. Transfers between funds during the year were as follows (amounts in thousands):

	Transfers Out	Transfers In
Major Governmental Funds:		
General Fund	$ 20,447	$ 28,285
Street Capital Projects	2,018	586
Debt Service Fund	8,500	5,082
Total Major Governmental Funds	30,965	33,953
Major Enterprise Fund-Water and Sewer	38,542	170
Major Enterprise Fund-Storm Water Utility	2,899	-
Other Funds:		
Nonmajor Governmental Funds	9,428	35,021
Nonmajor Enterprise Funds	1,375	9,326
Internal Service Funds	-	4,739
Total All Funds	$ 83,209	$ 83,209

The Water and Sewer, Storm Water Utility, Convention and Event Services, and Aviation transferred $5,964,670 to the General Fund to cover their budgeted indirect costs.

The General Fund transferred $8,603,352 to the Street Maintenance Fund and Special Transportation (Handitran) to cover budgeted operating expenses.

The Enterprise Funds transferred $18,888,956 to the General Fund to cover their budgeted operating costs.

The Debt Service Fund transfered $8,500,000 in bond proceeds to the Aviation Nonmajor Enterprise Fund.

Other funds transfered $7,780,809 to a nonmajor governmental fund for economic development agreements.

The other General Fund transfers were to cover budgeted operating expenses in other funds.

11. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The City accounts for its landfill closure and post-closure care costs in accordance with GASB No. 18, "*Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs*."

State and federal laws and regulations require the City to place a final cover on its municipal landfill site when it stops accepting waste and to perform certain maintenance functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the City historically reported a portion of these costs as a liability on the Statement of Net Position in each period based on landfill capacity used as of each balance sheet date.

On September 30, 2020, an amended agreement to Lease and Operate the landfill was signed with Republic to allow for potential expansion and extension of useful service life. This agreement effectively shifted responsibility for the costs related to closing and maintaining the landfill after closure from the City to Republic. As a result, the accrued liability and related trust fund asset were removed from the City's financial statements effective 9/30/2021.

In addition, the amendment changes the basis for the royalty paid to the City to a percentage of gross revenue. In exchange for providing additional financial assurances, Republic is no longer required to fund the trust and will

gradually regain the funds it deposited over time. The agreement to disburse these trust funds was approved independent of the amended lease. As a result of that approval, the City received a one-time payment of $6.5 million from the trust fund. The City will receive an additional $6.5 million by 2045. These amounts are in addition to the potential increase in revenue from landfill operations due to changes in the usage and royalty fee structure.

12. COMMITMENTS AND CONTINGENCIES

Trinity River Authority

The City entered into a 50-year contract dated October 10, 1973, with the Trinity River Authority (TRA) whereby the TRA agrees to provide supplemental sewage treatment for consideration. Beyond the initial 50-year period, the contract states that it shall continue in effect until any outstanding bonds or any bonds issued to refund same, if any, have been paid in full. Payments by the City are based on metered usage, at rates designed to charge the City a pro rata share of the TRA's annual operating and maintenance expenses, and principal and interest requirements on bonds issued by the TRA.

Grant Audits

The City receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would be insignificant.

Construction Commitments

The City has various active construction projects as of September 30, 2025. The projects include construction in streets, parks, traffic, library, and water and sewer facilities. At year-end, the City's significant commitments with contractors are as follows (amounts in thousands):

Project	Spent-to-Date	Remaining Commitment
Street Construction	$ 101,455	$ 33,429
Park Construction	14,378	6,490
Traffic Construction	8,740	-
Fire Construction	18,788	8,481
Municipal Facilities Construction	10,028	1,256
Storm Water Utility Construction	83,113	7,746
Water and Sewer Construction	180,586	26,329
	$ 417,088	$ 83,731

The street and traffic construction projects are funded primarily by permanent improvement bonds proceeds. The park construction projects are funded by permanent improvement bond proceeds, certificate of obligation proceeds, and park fee revenues. Water, sewer and storm water utility construction projects are funded by revenue bond proceeds and cash from operating revenues of the water, sewer and storm water systems.

Litigation

The City is currently involved in several lawsuits in which some liability is probable. The potential liability as of September 30, 2025, cannot be determined. Pursuant to the Texas Tort Claims Act, damages would be capped at $250,000.

Various other claims and lawsuits are pending against the City. In the opinion of the City Attorney's Office, the potential losses, in excess of the Self Insurance Risk Management Fund limitations (see Note 13) of insurance coverage, if any, on all claims will not have a materially adverse effect on the City's financial position as a whole.

13. RISK MANAGEMENT

The City's risk management activities are administered through various internal service funds.

Risk Management Fund (RMF)

The RMF was created for the purpose of acting on the City's behalf in financing various governmental programs as prescribed by ordinance or resolution of the City Council. In October 1986, the City Council adopted an ordinance to establish the City's Self-Insurance and Risk Management Program (the "Program"). The purpose of the Program is to provide the City a defined and funded self-insurance program for bodily injury, property damage, personal injury, advertising injury, and regulatory injury.

On June 1, 2016 the City issued Combination Tax and Revenue Certificates of Obligation Series 2016C of $14,150,000. The certificates were issued with the purpose of providing moneys to fund the Risk Management Fund, a self-insurance fund to protect the City and its officers, employees and agents from any insurable risk or hazard as permitted under Chapter 2259, Texas Government Code, as amended.

The payments out of the RMF for all purposes cannot exceed $1,500,000 per occurrence and $3,000,000 in aggregate in one annual period. Should claims exceed this amount, the excess claims are to be funded by other available City resources.

The RMF claims liabilities are actuarially determined annually to include the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The actuarially determined liabilities are reported at their present values using an expected future investment yield assumption of 1.0 percent.

Workers' Compensation

The City's workers' compensation plan provides City employees with workers' compensation coverage through the Workers' Compensation Fund (the "WCF"). Under this program, the WCF provides coverage for up to a maximum of $750,000 per claim. The City purchases commercial insurance for claims in excess of coverage provided by the WCF. Over the past five years there have been four claims for which payments have been received totaling $201,664.28 through the commercial insurance. All City departments participate in the workers' compensation program. Payments to the WCF from such departments are based on actuarial estimates of the amounts needed to pay prior and current year claims and related administrative expenses. The WCF claims liabilities are actuarially determined annually to take into consideration recently settled claims, the frequency of claims and other economic and social factors. The actuarially determined liabilities are reported at their present values using an expected future investment yield assumption of 1.0 percent.

Group Health

Group medical benefits are paid through the Group Health Fund. Revenues are recognized from payroll deductions and from City contributions for employee and dependent coverage.

Changes in the balances of claims liabilities during fiscal 2025 and 2024 were as follows (amounts in thousands):

	Workers Compensation		Health		Self Insurance Risk Management	
	2025	2024	2025	2024	2025	2024
Unpaid claims, Oct. 1	$ 4,191	$ 3,377	$ 2,998	$ 2,758	$ 4,251	$ 5,655
Incurred Claims (including IBNRs and changes in estimates)	1,737	3,734	35,951	32,197	2,351	1,863
Claim payments	(1,738)	(2,920)	(35,431)	(31,957)	(1,965)	(3,267)
Unpaid claims, Sept. 30	$ 4,190	$ 4,191	$ 3,518	$ 2,998	$ 4,637	$ 4,251

14. LEASES AND SBITA

Leases

Per GASB Statement No. 87, a lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

Lessee

The City, as a lessee, has entered into lease agreements involving office buildings, facility space, a natatorium, radio communications equipment, parking lots, and wireless service agreements. The terms and conditions for these leases vary. Some leases are fixed, periodic payments over the lease term, which ranges between 2-10 years. The City uses the interest rate charged by the lessor as the discount rate. When the interest charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and the associated lease asset is recognized on the government-wide Statement of Net Position.

The City did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment.

As of September 30, 2025, the City had minimum principal and interest payment requirements for its leasing activities, with a remaining term more than one year, as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2026	$ 1,370,873	$ 50,834	$ 1,421,706
2027	771,788	33,733	805,521
2028	1,005,664	16,396	1,022,059
2029	310,484	3,866	314,350
2030	49,334	666	50,000
2031	20,761	73	20,833
	$ 3,528,904	$ 105,568	$ 3,634,469

The following is a summary of lease liability transactions of the City for the year ended September 30, 2025 (amounts expressed in thousands):

	Balance Beginning of the Year	Increases	Reductions	Balance at the End of the Year	Due within One Year
Governmental activities:					
Leases payable	$ 4,657	$ 1,047	$ (2,175)	$ 3,529	$ 1,371

Lessor

The City is the Lessor related to Globe Life Field with Rangers Baseball, LLC. This lease was in existence as of the beginning of the fiscal year and has 28 years remaining on the contract. The City received combined annual payments of $2,000,000. The City recognized net Lease and Interest Revenue of $1,603,631 in the fiscal year related to this lease. There were no inflows of resources recognized during the year ended September 30, 2025 for variable or other payments not previously included in the measurement of the lease receivable. As of September 30, 2025, the City's receivable for lease payments was $47,536,370. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2025, the balance of the deferred inflow of resources was $46,371,668.

The City is the Lessor related to Cowboy's Stadium with Cowboys Stadium, LP. This lease was in existence as of the beginning of the fiscal year and has 13 years remaining on the contract. The City received combined annual payments of $2,000,000. The City recognized net Lease and Interest Revenue of $1,773,013 in the fiscal year related to this lease. There were no inflows of resources recognized during the year ended September 30, 2025 for variable or other payments not previously included in the measurement of the lease receivable. As of September 30, 2025, the City's receivable for lease payments was $24,864,377. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2025, the balance of the deferred inflow of resources was $24,231,174.

Additionally, as the Lessor, the City leases City-owned properties such as buildings, office spaces, land, and water pump stations. These leases all had varying terms between 5 and 20 years. The City recognized $1,203,095 in net lease and interest revenue during the current fiscal year related to these leases. As of September 30, 2025, the City's receivable for lease payments was $19,504,901. Also, the City has deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2025, the balance of deferred inflow of resources was $18,947,274.

The City measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured as the amount of the lease receivable, adjusted for lease payments received before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The City uses the lessee's rate or the rate disclosed in the agreement. If the rate is not readily available, the City uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term.

Aviation Enterprise Fund

The City dissolved its Fixed Based Operator (FBO) lease agreement with operators in 2024, making the City the sole operator of the Arlington Municipal Airport. An FBO is a commercial enterprise that provides aeronautical services such as fueling, aircraft parking and storage to the general aviation community. The City purchased various assets worth approximately $14 million and assumed several subleases as part of the transaction.

Airport Leases

The Aviation Department has entered into regulated and unregulated lease agreements as lessor with various individuals and companies for the lease of various items which include buildings, hangar, terminal building leases, and tie-down. These contracts have varying commencement and expiration dates, with terms beginning as early as 1984 and extending through 2052. The City recognized net lease and interest revenue of $247,593 in the fiscal year related to these leases.

Excluded Leases – Regulated

The Aviation Department does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. As part of the purchase of the FBO, the City assumed various regulated leases. The City recognized net lease and interest revenue of $2,593,127 in the fiscal year related to these leases.

Subscription-Based Information Technology Arrangements

Per GASB Statement No. 96, a subscription-based information technology arrangement (SBITA) is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange-like transaction. The City has entered into subscription-based arrangements for cloud storage, infrastructure planning, budget, court, financial, security, and IT support. These subscriptions all had varying terms between two and four years. The measurement of the SBITA liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, and residual value guarantee payments that are fixed in substance.

As of September 30, 2025, the City had minimum principal and interest payment requirements for its governmental subscription activities, with a remaining term more than one year, as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2026	1,639,045	86,811	1,725,856
2027	1,492,423	61,971	1,554,394
2028	907,544	31,859	939,403
2029	816,179	16,656	832,835
2030	831,526	4,221	835,747
2031-2032	72,577	1,686	74,263
	5,759,294	203,204	5,962,498

The following is a summary of SBITA liability transactions of the City for the year ended September 30, 2025 (amounts expressed in thousands):

	Balance beginning of year	Increases	Reductions	Balance at End of Year	Due Within One Year
Governmental activities:					
SBITA payable	$ 5,787	$ 2,948	$ (2,976)	$ 5,759	$ 1,639
Business activities:					
SBITA payable	392	-	(352)	40	40
Total SBITA payable	$ 6,179	$ 2,948	$ (3,328)	$ 5,799	$ 1,679
Total Leases and SBITA payable	$ 10,836	$ 3,995	$ (5,503)	$ 9,328	$ 3,050

15. CONDENSED COMPONENT UNIT INFORMATION

The City includes seven discretely presented component units in its reporting entity (see note I.B.). Condensed component unit information for the year ended September 30, 2025, for all discretely presented component units is as follows (amounts in thousands):

Condensed Schedule of Net Position

	Arlington Tomorrow Foundation	Housing Authority	Arlington Economic Development Corporation	Other Discretely Presented Component Units	Total Discretely Presented Component Untis
Current and other assets	$ 126,131	$ 9,424	$ 59,833	$ 8,108	$ 203,496
Capital assets	-	1,132	7,632	8,846	17,610
Total assets	126,131	10,556	67,465	16,954	221,106
Other liabilities and deferred inflows of resources	3,865	2,261	4,239	4,989	15,354
Total liabilities	3,865	2,261	4,239	4,989	15,354
Net position:					
Net investment in capital assets	-	174	-	8,846	9,020
Restricted	-	1,091	63,226	-	64,317
Unrestricted	122,266	7,030	-	3,119	132,415
Total net position	$ 122,266	$ 8,295	$ 63,226	$ 11,965	$ 205,752

Condensed Schedule of Activities

	Arlington Tomorrow Foundation	Housing Authority	Arlington Economic Development Corporation	Other Discretely Presented Component Units	Total Discretely Presented Component Units
Expenses	$ 7,638	$ 54,562	$ 32,543	$ 21,336	$ 116,079
Program Revenues:					
Charges for services	-	-	24,206	12,596	36,802
Operating grants and contributions	-	55,790	-	8,190	63,980
Capital grants and contributions	-	-	-	-	-
Net Program (Expense) Revenue	(7,638)	1,228	(8,337)	(550)	(15,297)
Interest/dividend/change in FMV revenues	12,927	54	2,488	289	15,758
Other non tax general revenues	3,408	210	1,249	226	5,093
Changes in Net Position	8,697	1,492	(4,600)	(35)	5,554
Net position, October 1	113,569	6,803	67,826	12,000	200,198
Net position, September 30	$ 122,266	$ 8,295	$ 63,226	$ 11,965	$ 205,752

16. TAX ABATEMENTS

As of September 30, 2025, the City provides for tax abatements and tax rebates through two mechanisms – Tax Abatement Agreements and Chapter 380 Agreements. The City's Tax Abatements are authorized under Chapter 312 of the Texas Tax Code and the City's Policy Statement for Tax Abatement. Under a tax abatement agreement, the taxable value is reduced by a specific percentage, and the amount of the abatement is deducted from the recipient's tax bill. The City's tax abatements are administered by Tarrant Appraisal District. Chapter 380 agreements are authorized under VTCA Local Government Code Chapter 380 and the City's Chapter 380 Economic Development Programs Policies and Procedures. Under a 380 agreement, the recipient pays the total taxes due to the City, and the City rebates a portion of taxes paid based on the terms of the agreement.

For financial reporting purposes, a tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. A transaction's substance, not its form or title, is the key factor in determining whether the transaction meets the definition of a tax abatement for the purpose of this disclosure. Therefore, the City's 380 agreements are being disclosed, as the substance of the rebates meets the definition of a tax abatement for purposes of financial reporting.

The City provides tax abatements for economic development in three categories – (1) Development and Redevelopment, (2) Recruitment, and (3) Retention.

Development and Redevelopment

The City provides development and redevelopment tax abatements to encourage development of remaining Greenfield sites with highest and best uses, and transformational redevelopment of existing sites with high community impact. Abatements are obtained through an application and evaluation process, with ultimate approval authorized by the City Council. Property owners are required to complete the City's Application for Incentives providing a complete description of the project, method of financing, descriptive list of improvements, schedule for completion, estimated taxable value of improvements, level of abatement requested, jobs created (if applicable), and any other incentives requested. Applications are evaluated to determine if the project meets the criteria for a development/redevelopment tax abatement. The City abates up to 100% percent of the additional property tax resulting from the increased taxable value of the improvements. Property owners are required to pay 100% of the property tax on the base year value. The City may also rebate a portion of the sales, hotel occupancy, and mixed beverage taxes generated by a project. A portion of the City's local tax collections generated by the recipient's purchase or sale of taxable items associated with the project and consummated in the City may be rebated for a specified period. In exchange for the abatement/rebatement, the recipient commits to comply with the terms of the agreement, such as project completion deadlines, capital investment, and minimum added value requirements. If the recipient fails to meet the improvement conditions, the agreement enters a breach status, and the City provides a 30-60-day cure period. If the recipient fails to cure the breach, the City may terminate the agreement and recapture any taxes abated/rebated per the terms of the agreement. As part of a tax abatement/rebatement, the City may make other commitments to support development and redevelopment projects (*e.g.,* development fee waivers, infrastructure improvements, etc.).

Recruitment

The City offers recruitment tax abatement agreements to attract and incentivize new business to the City. Abatements may be granted to a company agreeing to relocate to the City or to establish new business in the City; the project must meet requirements of the Tax Code and the City's policy statements to be considered for an abatement. The City may grant tax abatements for recruitment if the City Council finds the abatement is in the public interest because it will facilitate one or more of the following objectives: (1) increase tax base, (2) provide quality employment, and (3) contribute to the diversity and quality of Arlington's business community. The value and duration of the tax abatement is determined by the degree to which the project meets the objectives of the City's Economic Development Strategic Plan, number and types of jobs to be created, and sales taxes, hotel taxes or other incomes that would be generated. Additional levels of abatement are considered based upon the project's employment numbers, industry type, and wages. Applicants undergo the same application and evaluation process

required for development/redevelopment abatements. The City abates up to 100% percent of the additional property taxes (*i.e.,* real estate, business personal property, or both) resulting from the increased taxable value of the project. The City may also rebate a portion of the sales, hotel occupancy, and mixed beverage taxes generated by a project. A portion of the City's local tax collections generated by the recipient's purchase or sale of taxable items associated with the project and consummated in the City may be rebated for a specified period. In exchange for the abatement/rebatements(s), the recipient commits to comply with the terms of the agreement, such as project completion deadlines, added value requirements, job creation, etc. If the recipient fails to comply, the same breach and recapture provisions described above may apply. Based on the economic impact of the project, the City may make other commitments to the recipient in addition to the tax abatement/rebatement. Additional incentives include development fee waivers, infrastructure improvements, and grants for hiring Arlington residents.

Retention

The City offers retention tax abatements to encourage existing businesses to remain in Arlington and to support facility renovaction, expansion, and job growth. Abatements may be granted to projects that expand or modernize existing facilities or construct new facilities to meet increased demand. Awards are based on alignment with the City's Economic Development Strategic Plan, job creation and retention, community impact, and projected tax revenues. The City may abate up to 100 percent of the incremental property tax (*i.e.,* real estate, business personal property, or both) and may also rebate a portion of the sales taxes and other income generated from the project. In return, recipients must meet contractual performance requirements, including investment, employment, and completion benchmakrs, with standard compliance and recapture provisions applying if terms are not met. As part of a tax abatement, the City can make other commitments to support business retention (*e.g.,* development fee waivers, infrastructure improvements, hiring grants, etc.).

Tax Abatement Program

Program	Property Tax	Sales Tax	Hotel Occupancy Tax	Mixed Beverage Taxes	Other Commitments
Development/Redevelopment	$ 1,209,386	$ 309,357	$ 1,719,115	$ 392,073	$ 4,570,763
Recruitment	989,219	5,509,615	-	-	488,494
Retention	3,258,522	-	-	-	154,000
Total Tax Abated	$ 5,457,127	$ 5,818,972	$ 1,719,115	$ 392,073	$ 5,213,257

For the fiscal year ended September 30, 2025, the City's property tax revenues were reduced by $5,457,127 under active tax abatement and Chapter 380 agreements. Sales tax revenues were reduced by a total of $5,818,972 for Development/Redevelopment and Recruitment rebatements. Hotel occupancy tax revenues were reduced by $1,719,115 and mixed beverage taxes were reduced by $392,073 for Development/Redevelopment rebatements. In addition to tax abatements/rebatements, recipients qualified for $5,213,257 in other commitments from the City in the form of fee waivers, hiring grants, relocation and retention incentives, and reimbursements for infrastructure improvements.

As a result of the City's tax abatement/rebatement program, the property tax base increased by more than $1.7 billion with property value growth of more than 2,183% above the base year value. The projects receiving abatements/rebatements of the City's sales tax, hotel occupancy tax, and mixed beverage taxes generated more than $15.3 million in local tax revenue, of which 52% was rebated.

Tax revenues were reduced as a result of the City's tax abatement agreements only; no other governments' tax abatement agreements caused a reduction in the City's tax revenues. However, the City may also act as a conduit for the refunding of state sales, hotel occupancy, and mixed beverage taxes generated by a qualifying project under Sections 151.429 (h), 351.102, and 351.1022 of the Texas Tax Code, Section 2303.5055 of the Texas Government Code, and other applicable laws.

17. PUBLIC-PRIVATE PARTNERSHIPS (PPP)

The City is the transferor in a service concession arrangement PPP with Republic Waste Services of Texas, LTD as operator for the operation of the City of Arlington Landfill. The agreement conveys to the operator the right, either through licenses or permits, to operate and maintain the City of Arlington Landfill in compliance with the Landfill permits which includes, but is not limited to, operating and maintaining the scales and scale house, determining the disposal rate for any waste or material to be accepted at or disposed of in the Landfill, and disposal of all waste acceptable for disposal at the City of Arlington Landfill. To the extent the agreement remains in full force and effect and the City is in material compliance with the terms and conditions of the agreement, Republic shall pay to the City a lump-sum payment of $3,000,000 on or prior to May 2, 2045, in addition to monthly usage fees. The total receivable associated with the above PPP Arrangement is $56.4 million as of September 30, 2025, and the deferred inflows resulting from such arrangements are $53.3 million as of September 30, 2025. The discount rate applied to the measurement of the receivable for installment payments was 1.4%. There were no variable payments received under the arrangement.

The City (transferor) entered into a public-private partnership with Go For Three, LLC (operator) for the redevelopment of a 14 acre site for the construction and operation of a hotel, convention center (leased premises), and parking facility (leased premises). During fiscal year 2025, the parking facility was completed and placed into service. It is anticipated for the hotel and convention center to be completed during fiscal year 2028. Under the agreements, the City retains ownership of the land and leased premises, and the operator leases the leased premises for a nominal fee of $10 annually. The agreement includes an option for the operator to purchase the leased premises after 30 years for $100 million, less lease payments, all operating costs paid by operator as described in the agreements, and all project costs as defined by the agreements. As of September 30, 2025, the City has recognized a PPP asset in the amount of $36.7M and a deferred inflow of resources in the amount of $36.3M for the transfer of the leased premises. This PPP asset is included in governmental capital and lease assets on the Statement of Net Position.

The City (transferor) has entered into a public-private partnership (PPP) arrangement with the Arlington Convention Center Hotel Owner, LLC (operator) for the construction and operation of a convention center and parking facility (leased premises). During fiscal year 2024, the leased premises were completed and placed into service. Under the agreements, the City retains ownership of the land and leased premises, and the operator leases the leased premises for a nominal fee of $10 per year. The agreement includes an option for the operator to purchase the leased premises after 30 years for $100 million, less lease payments, all operating costs paid by the operator as described in the agreements, and all project costs as defined by the agreements. As of September 30, 2025, the City has recognized a PPP asset in the amount of $207.5M and a deferred inflow of resources in the amount of $201.2M for the transfer of the leased premises. This PPP asset is included in governmental capital and lease assets on the Statement of Net Position.

18. POLLUTION REMEDIATION

The City is responsible for following all applicable environmental rules when managing sites with environmental clean-up or management requirements. The Texas Commission on Environmental Quality (TCEQ) requires that the City conduct groundwater monitoring of the leaking petroleum storage tanks. The liability is calculated using the current value of outlays to remediate the properties – the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired during the current period. The liability is an estimate and is subject to revision as a result of price increases or reductions, changes in technology, or changes in applicable laws or regulations. As of September 30, 2025, the environmental remediation liability is $33,000.

19. SUBSEQUENT EVENTS

Events that occur after the date of the financial statements but before the financial statements are available to be issued are evaluated for recognition and disclosure. The following significant events occurred during this period:

On October 21, 2025, the City of Arlington issued $71,150,000 of Arlington Economic Development Corporation (EDC) Sales Tax Revenue Bonds, Taxable Series 2025. The bonds bear interest rates from 4.75% to 5.50% and will be redeemed over the next 30 years with proceeds from economic development sales and use tax. The purpose of this issuance was to provide funds necessary to pay the cost and expense of constructing a manufacturing and headquarters facility for the creation or retention of primary jobs and found by the EDC to be required or suitable for the development, retention, or expansion of manufacturing and industrial facilities.

On October 21, 2025, the City of Arlington issued $59,315,000 of Permanent Improvement & Refunding Bonds, Series 2025. The bonds bear interest rates from 4.25% to 5.00% and will be redeemed over the next 20 years with proceeds from ad valorem tax. The purpose of this issuance was to provide funds necessary to pay the cost and expense of approved capital budget items.

On October 21, 2025, the City of Arlington issued $6,175,000 of Water and Wastewater System Revenue Bonds, Series 2025B. The bonds bear interest rates from 4.00% to 5.00% and will be redeemed over the next 20 years with proceeds from net revenues. The purpose of this issuance was to provide funds necessary to pay the cost and expense of approved capital water items.

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CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
Taxes	$ 258,555	$ 258,555	$ 244,551	$ 6,065	$ 250,616	$ (7,939)
Licenses and permits	10,856	10,856	10,650	-	10,650	(206)
Utility franchise fees	33,602	33,602	22,489	12,187	34,676	1,074
Fines and forfeitures	5,634	5,634	8,306	-	8,306	2,672
Leases, rents and concessions	10,535	10,535	10,658	-	10,658	123
Service charges	10,270	10,270	10,200	-	10,200	(70)
Interest revenue	4,991	4,991	5,585	(1,579)	4,006	(985)
Intergovernmental revenues	32,874	32,874	3,067	31,847	34,914	2,040
Other revenue	2,292	2,292	2,067	-	2,067	(225)
Net increase (decrease) in the fair value of investments	-	-	(81)	81	-	-
Total Revenues	369,609	369,609	317,492	48,601	366,093	(3,516)
EXPENDITURES						
Current-						
General government	92,752	92,752	59,330	28,631	87,961	4,791
Public safety	223,981	223,981	210,941	10,816	221,757	2,224
Public works	34,124	34,124	30,688	1,386	32,074	2,050
Public health	3,147	3,147	2,993	(31)	2,962	185
Parks and recreation	21,684	21,684	20,706	299	21,005	679
Capital Outlay	-	-	-	-	-	-
Total Expenditures	375,688	375,688	324,658	41,101	365,759	9,929
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(6,079)	(6,079)	(7,166)	7,500	334	6,413
OTHER FINANCING SOURCES (USES)						
Transfers in	14,497	14,497	28,285	(18,252)	10,033	(4,464)
Transfers out	(12,484)	(12,484)	(20,447)	7,376	(13,071)	(587)
Leases issued (as lessee)	-	-	1,047	-	1,047	1,047
SBITA additions	-	-	2,948	-	2,948	2,948
Total Other Financing Sources (Uses)	2,013	2,013	11,833	(10,876)	(3,038)	(5,051)
Net Change In Fund Balances	(4,066)	(4,066)	4,667	(3,376)	(2,704)	1,362
Fund Balances, October 1	97,832	97,832	97,832	-	97,832	-
Fund Balances, September 30	$ 93,766	$ 93,766	$ 102,499	$ (3,376)	$ 95,128	$ 1,362

City of Arlington, Texas
Notes to Required Supplementary Information

Budgetary Information

The City Council adopts an annual legal budget, which covers the General Fund. All unencumbered appropriations for the General Fund lapse at fiscal year-end. The budget for the General Fund is prepared on the modified accrual basis except for encumbrances which are treated as expenditures on the budgetary basis and interdepartmental expenses which are eliminated. The budgetary comparison schedule includes adjustments to the budgetary basis for the differences noted above and for certain other revenue and expenditure items which are reported in the City's budget differently than they are reported for accounting principles generally accepted in the United States.

Budgetary level of control is exercised at the fund level. The City Manager is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures of the General Fund must be approved by the City Council.

The Budgetary Comparison Schedule presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results, with the following exceptions:

Certain interdepartmental revenues and expenses are included in budgetary basis revenues and expenditures but are eliminated from actual revenues and expenditures.

General Fund encumbrances are added to the actual expenditures for budgetary comparison. The City utilizes encumbrance accounting to ensure appropriated funds are adequately committed and remaining unspent balances are carried forward into the next fiscal year. Encumbrances are created for purchase order, grant match requirements, and capital project funding.

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS-TMRS
LAST 10 FISCAL YEARS

Measurement year ending December 31,	**2015**	**2016**	**2017**
Total pension liability			
Service Cost	$ 24,035,779	$ 26,189,763	$ 27,615,497
Interest on total pension liability	71,780,403	72,528,701	75,735,090
Differences between expected and actual experience	(8,105,420)	1,387,760	6,101,332
Changes of assumptions	9,851,969	-	
Benefit payments and refunds	(49,131,541)	(50,018,009)	(56,616,054)
Net change in total pension liability	48,431,190	50,088,215	52,835,865
Total pension liability-beginning	1,037,982,210	1,086,413,400	1,136,501,615
Total pension liability-ending	$ 1,086,413,400	$ 1,136,501,615	$ 1,189,337,480
Plan fiduciary net position			
Contribution-employer	$ 24,012,910	$ 23,983,655	$ 26,419,418
Contribution-member	10,884,708	11,245,390	11,876,965
Net investment income	1,377,207	62,140,092	133,891,278
Benefit payments and refunds	(49,131,541)	(50,018,009)	(56,616,054)
Administrative expense	(838,887)	(701,918)	(694,027)
Other	(41,433)	(37,818)	(35,172)
Net change in plan fiduciary net position	(13,737,036)	46,611,392	114,842,408
Plan fiduciary net position-beginning	933,378,081	919,641,045	966,252,437
Plan fiduciary net position-ending	$ 919,641,045	$ 966,252,437	$ 1,081,094,845
Net pension liability (asset)	166,772,355	170,249,178	108,242,635
Plan fiduciary net position as a percentage of total pension liability	84.65%	85.02%	90.90%
Covered payroll	166,772,355	160,574,881	169,628,359
Net pension liability (asset) as a percentage of covered payroll	108.03%	106.02%	63.81%

	2018	2019	2020	2021	2022	2023	2024
$	28,887,256	$ 30,217,987	$ 31,806,730	$ 31,842,328	$ 33,724,840	$ 37,485,310	$ 43,146,920
	79,408,986	83,399,154	87,803,207	91,604,326	96,193,891	101,455,419	105,601,050
	6,665,740	7,744,979	2,170,782	11,973,234	19,402,794	8,119,451	12,824,921
	-	4,696,314	-	-	-	(10,638,277)	-
	(54,703,360)	(58,324,155)	(64,890,993)	(66,080,292)	(70,654,888)	(75,851,511)	(79,820,374)
	60,258,622	67,734,279	56,889,726	69,339,596	78,666,637	60,570,392	81,752,517
	1,189,337,480	1,249,596,102	1,317,330,381	1,374,220,107	1,443,559,703	1,522,226,340	1,582,796,732
$	1,249,596,102	$ 1,317,330,381	$ 1,374,220,107	$ 1,443,559,703	$ 1,522,226,340	$ 1,582,796,732	$ 1,664,549,249
$	28,034,989	$ 29,405,032	$ 187,107,707	$ 32,711,607	$ 20,727,511	$ 21,822,391	$ 26,494,454
	12,429,434	13,023,433	13,445,849	13,448,518	14,267,738	15,832,543	17,268,636
	(32,369,787)	159,738,998	89,261,871	182,776,361	(114,144,630)	163,592,578	159,682,863
	(54,703,360)	(58,324,155)	(64,890,993)	(66,080,292)	(70,654,888)	(75,851,511)	(79,820,374)
	(625,874)	(903,100)	(577,979)	(845,088)	(987,348)	(1,040,740)	(1,024,768)
	(32,699)	(27,128)	(22,550)	5,788	1,178,200	(7,272)	(23,967)
	(47,267,297)	142,913,080	224,323,905	162,016,894	(149,613,417)	124,347,989	122,576,844
	1,081,094,845	1,033,827,548	1,176,740,628	1,401,064,533	1,563,081,427	1,413,468,010	1,537,815,999
$	1,033,827,548	$ 1,176,740,628	$ 1,401,064,533	$ 1,563,081,427	$ 1,413,468,010	$ 1,537,815,999	$ 1,660,392,843
	215,768,553	140,589,732	(26,844,447)	(119,521,723)	108,758,330	44,980,733	4,156,407
	82.73%	89.33%	101.95%	108.28%	92.86%	97.16%	99.75%
	177,549,206	185,842,479	192,069,624	192,052,642	203,775,466	226,087,513	246,694,799
	121.53%	75.65%	-13.98%	-62.23%	53.37%	19.90%	1.68%

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF THE CITY'S CONTRIBUTIONS-TMRS
LAST 10 FISCAL YEARS

	2016	2017	2018	2019
Actuarially Determined Contribution	$ 24,833,575	$ 25,821,067	$ 27,624,357	$ 29,093,440
Contributions in relation to the actuarially determined contribution	$ 24,587,350	$ 26,075,876	$ 27,711,328	$ 29,102,133
Contribution deficiency (excess)	$ 246,225	$ (254,809)	$ (86,971)	$ (8,693)
Covered payroll	$ 164,680,024	$ 167,367,622	$ 175,499,227	$ 184,074,211
Contributions as a percentage of covered payroll	14.93%	15.58%	15.79%	15.81%

Notes to Schedule of Contributions

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.6% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes	There were no benefit changes during the year.

2020	2021	2022	2023	2024	2025
$ 29,866,086	$ 31,360,302	$ 23,896,550	$ 21,528,919	$ 25,299,037	$ 29,650,496
$ 30,010,778	$ 31,713,751	$ 20,249,587	$ 21,219,509	$ 26,015,181	$ 28,976,878
$ (144,692)	$ (353,449)	$ 3,646,963	$ 309,410	$ (716,144)	$ 673,618
$ 186,055,660	$ 188,547,864	$ 199,110,980	$ 219,891,289	$ 242,227,015	$ 253,423,040
16.13%	16.82%	10.17%	9.65%	10.74%	11.70%

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
PART-TIME, SEASONAL AND TEMPORARY EMPLOYEES DEFERRED INCOME PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

Fiscal year ending September 30	**2016**	**2017**	**2018**	**2019**
Total pension liability				
Service Cost	$ 184,052	$ 187,047	$ 185,246	$ 194,554
Interest on total pension liability	128,068	127,591	131,661	134,220
Differences between expected and actual experience	(71,751)	(76,857)	(114,652)	(47,470)
Assumption changes	125,033	-	-	-
Benefit payments and refunds	(149,233)	(137,960)	(173,000)	(138,464)
Net change in total pension liability	216,169	99,821	29,255	142,840
Total pension liability-beginning	2,311,103	2,527,272	2,627,093	2,656,348
Total pension liability-ending	$ 2,527,272	$ 2,627,093	$ 2,656,348	$ 2,799,188
Plan fiduciary net position				
Contribution-employer	$ 53,802	$ 60,813	$ 46,504	$ 82,293
Contribution-member	100,575	101,289	100,133	109,711
Net investment income	98,561	130,343	71,859	206,103
Benefit payments and refunds	(149,233)	(137,960)	(173,000)	(138,464)
Administrative expense	(56,783)	(44,296)	(64,053)	(79,339)
Other	-	-	-	-
Net change in plan fiduciary net position	46,922	110,189	(18,557)	180,304
Plan fiduciary net position-beginning	2,681,047	2,727,969	2,838,158	2,819,601
Plan fiduciary net position-ending	$ 2,727,969	$ 2,838,158	$ 2,819,601	$ 2,999,905
Net pension liability (asset)	(200,697)	(211,065)	(163,253)	(200,717)
Plan fiduciary net position as a percentage of total pension liability	108.00%	108.00%	106.15%	107.20%
Covered payroll	3,352,500	3,376,300	3,337,767	3,657,033
Net pension liability (asset) as a percentage of covered payroll	-6.00%	-6.30%	-4.90%	-5.50%

	2020	2021	2022	2023	2024	2025
$	174,664	$ 145,741	$ 172,501	$ 317,189	$ 181,855	$ -
	141,268	149,886	147,791	156,178	163,810	79,607
					(256,386)	-
	-	(199,230)	(68,355)	-	(389,446)	(413,424)
	-	-	-	-	(13,942)	-
	(122,330)	(135,887)	(167,480)	(145,580)	(360,541)	(2,197,505)
	193,602	(39,490)	84,457	327,787	(674,650)	(2,531,322)
	2,799,188	2,992,790	2,953,300	3,037,757	3,365,544	2,690,894
$	2,992,790	$ 2,953,300	$ 3,037,757	$ 3,365,544	$ 2,690,894	$ 159,572
$	76,850	$ 73,688	$ 121,509	$ 130,281	$ 129,174	$ -
	98,126	81,877	94,781	170,838	101,406	-
	248,242	314,938	(391,970)	122,887	216,291	173,502
	(122,330)	(135,887)	(167,480)	(145,580)	(360,541)	(2,197,505)
	(57,037)	(49,162)	(68,138)	(66,946)	(78,820)	(117,794)
	24,800	-	-	-	-	-
	268,651	285,454	(411,298)	211,480	7,510	(2,141,797)
	2,999,905	3,268,556	3,554,010	3,142,712	3,354,192	3,361,702
$	3,268,556	$ 3,554,010	$ 3,142,712	$ 3,354,192	$ 3,361,702	$ 1,219,905
	(275,766)	(600,710)	(104,955)	11,352	(670,808)	(1,060,333)
	109.20%	120.30%	103.46%	99.66%	124.93%	764.49%
	3,270,867	2,729,233	3,159,367	5,694,600	3,380,200	-
	-8.40%	-22.00%	-3.30%	0.20%	-19.85%	*N/A

*Plan was frozen on April 4, 2024 and terminated in August 2025.

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
PART-TIME, SEASONAL AND TEMPORARY EMPLOYEES DEFERRED INCOME PLAN
SCHEDULE OF THE CITY'S CONTRIBUTIONS
LAST 10 FISCAL YEARS

Fiscal year ending September 30,	2016	2017	2018	2019	2020
Actuarially Determined Contribution	$ 53,802	$ 81,875	$ 71,762	$ 92,340	$ 88,313
Actual contribution	53,802	60,813	46,504	82,293	76,850
Contribution deficiency (excess)	$ -	$ 21,062	$ 25,258	$ 10,047	$ 11,463
Covered payroll	$ 3,352,337	$ 3,373,160	$ 3,335,055	$ 3,555,541	$ 3,127,476
Contributions as a percentage of covered payroll	1.6%	1.8%	1.4%	2.3%	2.5%

Notes to Schedule

The actuarial determined contribution rates are calculated at June 30 of the previous year end for the fiscal year in which contributions are reported.

This plan was frozen as of April 4, 2024 and terminated in August 2025. There are no contributions in 2025.

The actuarial methods and assumptions used to determine the contribution rates reported include:

Actuarial cost method:	Aggregate cost method
Amortization method	Level percent of payroll, open
Asset valuation method	Market value
Investment rate of return	5.0%
Projected salary increases	N/A (closed plan)
Inflation rate	2.5%
Cost of living increases	none
Mortality	Gender-distinct 2019 Municipal Retirees of Texas mortality tables with a 103% multiplier for male rates and a 105% multiplier for female rates. These rates are projected on a fully generational basis using the ultimate mortality improvement rates in MP-2021 to account for future mortality improvements.

2021	2022	2023	2024	2025
$ 73,688	$ 94,781	$ 153,754	$ 121,687	$ -
73,688	94,781	130,281	129,174	-
$ -	$ -	$ 23,473	$ (7,487)	$ -
$ 2,877,944	$ 3,178,238	$ 4,529,288	$ 3,449,297	$ -
2.6%	3.8%	2.9%	3.7%	*N/A

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS - DISABILITY INCOME PLAN
LAST 10 FISCAL YEARS (will ultimately be displayed)

Fiscal year ending December 31,	**2017**	**2018**	**2019**
Total pension liability			
Service Cost	$ -	$ -	$ -
Interest on total pension liability	70,519	68,017	67,549
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	40,256	(91,774)
Changes of assumptions	-	-	-
Benefit payments and refunds	(121,545)	(119,556)	(115,737)
Net change in total OPEB liability	(51,026)	(11,283)	(139,962)
Total OPEB liability-beginning	1,471,153	1,420,127	1,408,844
Total OPEB liability-ending	$ 1,420,127	$ 1,408,844	$ 1,268,882
Plan fiduciary net position			
Employer contributions	$ 69,396	$ 73,960	$ 80,319
Nonemployer contributing entities contributions	-	-	-
Employee contributions	-	-	-
OPEB plan net investment income	96,395	(23,482)	155,531
Benefit payments	(121,545)	(119,556)	(115,737)
OPEB plan administrative expense	(18,204)	(6,607)	(32,464)
Other	-	-	-
Net change in plan fiduciary net position	26,042	(75,685)	87,649
Plan fiduciary net position-beginning	1,295,794	1,321,836	1,246,151
Plan fiduciary net position-ending	$ 1,321,836	$ 1,246,151	$ 1,333,800
Net OPEB liability (asset)-ending	$ 98,291	$ 162,693	$ (64,918)
Plan fiduciary net position as a percentage of total pension liability	93.08%	88.45%	105.12%
Covered payroll	N/A	N/A	N/A
Total OPEB liability as a percentage of payroll	N/A	N/A	N/A

Notes: There were no benefit changes during the year. GASB 75 requires 10 fiscal years of data. The City will build this schedule over the remaining 10-year period. In September of 2012, the City amended the Disability Income Plan to close the plan to any future disabled employees. There is no longer any liability attributable to the City's active employees.

	2020	2021	2022	2023	2024
$	- $	- $	- $	- $	-
	60,415	57,653	52,702	50,846	47,599
	-	-	-	-	-
	42,447	(32,836)	24,873	(13,020)	(106,068)
	(34,196)	-	-	-	-
	(121,149)	(126,683)	(120,988)	(108,413)	(97,108)
	(52,483)	(101,866)	(43,413)	(70,587)	(155,577)
	1,268,882	1,216,399	1,114,533	1,071,120	1,000,533
$	1,216,399 $	1,114,533 $	1,071,120 $	1,000,533 $	844,956
$	74,524 $	80,675 $	94,869 $	26,082 $	45,794
	-	-	-	-	-
	-	-	-	-	-
	153,452	43,751	(184,849)	104,442	55,286
	(121,149)	(126,683)	(120,988)	(108,413)	(97,108)
	(11,389)	(33,402)	(11,715)	(6,484)	(15,694)
	-	-	-	-	-
	95,438	(35,659)	(222,683)	15,627	(11,722)
	1,333,800	1,429,238	1,393,579	1,170,896	1,186,523
$	1,429,238 $	1,393,579 $	1,170,896 $	1,186,523 $	1,174,801
$	(212,839) $	(279,046) $	(99,776) $	(185,990) $	(329,845)
	117.50%	125.00%	109.32%	118.59%	139.04%
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF THE CITY'S CONTRIBUTIONS-DISABILITY INCOME PLAN
LAST 10 FISCAL YEARS (will ultimately be displayed)

FY Ending September 30,	Actuarially Determined Contribution	Annual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	$ 36,205	$ 72,769	$ (36,564)	N/A	N/A
2019	$ 40,577	$ 76,844	$ (36,267)	N/A	N/A
2020	$ 61,806	$ 77,848	$ (16,042)	N/A	N/A
2021	$ -	$ 76,654	$ (76,654)	N/A	N/A
2022	$ -	$ 105,519	$ (105,519)	N/A	N/A
2023	$ -	$ 14,689	$ (14,689)	N/A	N/A
2024	$ -	$ 68,298	$ (68,298)	N/A	N/A
2025	$ -	$ -	$ -	N/A	N/A

Notes to Schedule of Contributions

Valuation Date: December 31, 2024

Methods and Assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	1 year remaining, as of the beginning of FYE 25
Asset Valuation	Market Value
Investment Rate of Return	5.00%
Inflation	2.50%
Salary Increases	N/A; no active employees
Mortality	The mortality table for disabled retirees was the gender-distinct 2019 Municipal Retirees of Texas mortality tables were used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied to reflect impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements and are applied before the 3.5% and 3.0% minimum mortality floors are applied.
Cost of Living Adjustment	The TMRS offset is assumed to increase by 1.38% per anum. The offsets are assumed to increase in January.
Commencement of Plan Benefits	Age 65 for participants on the LTD plan.
Notes	GASB 75 requires 10 fiscal years of data. The City will build this schedule over the remaining 10-year period.

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CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS - POSTEMPLOYMENT HEALTHCARE PLAN
LAST 10 FISCAL YEARS (will ultimately be displayed)

The following table discloses certain historical trend information (amounts expressed in millions, except for percentages):

Measurement date ending December 31,	**2017**	**2018**	**2019**
Total OPEB liability			
Service Cost	$ 1,955,045	$ 2,288,267	$ 2,267,816
Interest on total pension liability	4,055,831	3,688,623	4,077,730
Differences between expected and actual experience	-	1,772,265	(3,486,806)
Changes of assumptions	5,533,607	(2,475,508)	6,920,378
Benefit payments and refunds	(5,722,995)	(7,726,176)	(5,854,499)
Net change in total OPEB liability	5,821,488	(2,452,529)	3,924,619
Total OPEB liability-beginning	108,336,234	114,157,722	111,705,193
Total OPEB liability-ending	$ 114,157,722	$ 111,705,193	$ 115,629,812
Covered payroll	169,621,831	177,539,876	185,842,479
Total OPEB liability as a percentage of payroll	67.30%	62.92%	62.22%

The ending Total OPEB Liability was as of December 31, 2024.

Changes of assumptions reflect a change in the discount rate from3.77% as of December 31, 2023 to 4.08% as of December 31, 2024, and updates to the health care trend assumption.

Note: GASB 75 requires 10 fiscal years of data. The City will build this schedule over the next 10-year period.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

	2020	2021	2022	2023	2024
$	2,601,055	$ 3,256,735	$ 3,207,862	$ 2,079,711	$ 2,101,397
	3,123,353	2,619,684	2,375,998	3,954,412	3,600,286
	8,814,880	(2,275,506)	(9,774,732)	(4,076,064)	(4,851,446)
	8,918,233	360,464	(21,217,754)	1,205,084	(134,186)
	(6,707,698)	(6,047,590)	(5,534,007)	(5,501,705)	(5,129,244)
	16,749,823	(2,086,213)	(30,942,633)	(2,338,562)	(4,413,193)
	115,629,812	132,379,635	130,293,422	99,350,789	97,012,227
$	132,379,635	$ 130,293,422	$ 99,350,789	$ 97,012,227	$ 92,599,034
	192,069,624	192,052,642	203,775,466	226,087,513	246,694,799
	68.92%	67.84%	48.76%	42.91%	37.54%

CITY ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN THE CITY'S SUPPLEMENTAL DEATH BENEFITS FUND-TMRS
LAST 10 FISCAL YEARS (will ultimately be displayed)

Fiscal year ending December 31,	**2017**	**2018**	**2019**
Total OPEB liability			
Service Cost	$ 220,517	$ 284,079	$ 241,595
Interest on total pension liability	280,475	284,647	309,177
Differences between expected and actual experience	-	(107,778)	(238,208)
Changes of assumptions	716,266	(633,002)	1,642,715
Benefit payments and refunds	(67,851)	(71,020)	(74,337)
Net change in total OPEB liability	1,149,407	(243,074)	1,880,942
Total OPEB liability-beginning	7,343,661	8,493,069	8,249,995
Total OPEB liability-ending	$ 8,493,068	$ 8,249,995	$ 10,130,937
Covered payroll	N/A	N/A	N/A
Total OPEB liability as a percentage of payroll	N/A	N/A	N/A

Methods and Assumptions:

Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Discount rate	4.05%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

Note: GASB 75 requires 10 fiscal years of data. The City will build this schedule over the next 10-year period. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

	2020	2021	2022	2023	2024
$	364,932	$ 441,721	$ 489,061	$ 248,696	$ 296,034
	282,562	246,262	242,125	363,574	370,317
	(181,851)	(61,484)	72,889	12,329	(23,177)
	1,678,100	413,423	(4,606,685)	504,626	(515,974)
	(76,828)	(211,258)	(224,153)	(293,914)	(320,703)
	2,066,915	828,664	(4,026,763)	835,311	(193,503)
	10,130,937	12,197,852	13,026,516	8,999,753	9,835,064
$	12,197,852	$ 13,026,516	$ 8,999,753	$ 9,835,064	$ 9,641,561
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

FEDERAL TRANSIT ADMINISTRATION FUND - This fund accounts for money received from the Urban Mass Transportation Administration and related expenditures for the operation of a transportation system for the elderly and handicapped and various capital expenditures for transportation related projects.

STREET MAINTENANCE FUND - This fund accounts for money received from the Street Maintenance Fee to be used for the maintenance, rehabilitation, and repair of existing city streets.

DOWNTOWN TAX INCREMENT FINANCING (DOWNTOWN TIF) FUND - This fund was established to facilitate redevelopment in the downtown area.

TEXAS DEPARTMENT OF TRANSPORTATION FUND - This fund accounts for money received from the State Department of Highways and Public Transportation and summarizes related expenditures for statewide transportation enforcement programs.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - This fund accounts for money received from the Federal Department of Housing and Urban Development through the block grant program. These funds are used to help the City as a whole and specific sectors for various projects as allowable in the grant funding guidelines.

HOME INVESTMENT PARTNERSHIP FUND - This fund accounts for money received from the Federal Department of Housing and Urban Development through the HOME program grant. These funds are to expand the supply of decent, affordable housing for the low and very-low income families in Arlington.

FEDERAL EMERGENCY MANAGEMENT AGENCY FUND (FEMA) - This fund accounts for money received from the Department of Homeland Security. These funds are used to support the Emergency Operations Center.

GAS LEASE FUND – This fund accounts for the money received for various gas leases throughout the City.

INNOVATION AND VENTURE CAPITAL FUND - This fund supports costs associated with the City's economic development and various Chapter 380 agreements.

PARK PERFORMANCE FUND - This fund accounts for the revenues and expenditures from golf and other recreational activities.

CONVENTION AND EVENT SERVICES FUND - This fund accounts for the operations of the convention center.

OTHER SPECIAL REVENUE FUNDS - Other Special Revenue Funds consist of special revenue funds which are individually insignificant to the Special Revenue Fund's assets, liabilities, revenues, expenditures, and fund balance as a whole. These funds are the Federal Drug Enforcement Administration, North Central Texas Council of Governments, Emergency Physicians' Advisory Board, Emergency Shelter Grant, Arlington Telecable, Law Enforcement Officers Standards and Education, Court Security, Police Restricted Fund, Texas Criminal Justice Division, U.S. Department of Justice, Court Technology Fund, Texas State Library, Gifts and Donations, Auto Theft Prevention, Historic Preservation, Tax Increment Reinvestment Zone #5, Juvenile Case Manager, Texas Parks and Wildlife, Viridian TIRZ #6, Downtown BID, Miscellaneous Grants, Disaster Assistance, and Building Rehabilitation, Lamar Blvd PID.

CAPITAL PROJECTS FUNDS

MUNICIPAL OFFICE FACILITIES CAPITAL PROJECTS FUND - The primary purpose of this fund is to account for expenditures connected with the planning, construction, and refurbishing of various municipal office buildings.

PARK CAPITAL PROJECTS FUND - The primary purpose of this fund is to account for parkland acquisition, construction of swimming pools, and other park and recreation related construction, as well as various other park and recreation related projects.

TAX INCREMENT REINVESTMENT ZONE #5 FUND – The purpose of this fund is to account for the infrastructure construction and other capital project expenditures related to flood control, transportation, streetscape, public safety and other amenity improvements within the surrounding TIRZ Core Area to unify the Arlington Entertainment Area.

TRAFFIC CAPITAL PROJECTS FUND - The primary purpose of this fund is to account for construction of the City's streetlight and traffic signal systems, to perform thoroughfare analysis and to design and install various other traffic related projects.

OTHER CAPITAL PROJECTS FUNDS – Other Capital Projects Funds consist of capital project funds which are individually insignificant to the Capital Projects Fund's assets, liabilities, revenues, expenditures, and fund balance as a whole. These funds are Police Capital Projects, Fire Capital Projects, Library Capital Projects, Technical Capital Projects, and Infrastructure Maintenance Reserve.

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CITY OF ARLINGTON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue				
	Federal Transit Administration	**Street Maintenance**	**Downtown TIF**	**Texas Department of Transportation**	**Community Development Block Grant**
ASSETS					
Cash and cash equivalents	$ -	$ 34,790	$ 7,788	$ -	$ -
Land held for resale	-	-	-	-	-
Receivables (net of allowance for uncollectibles)					
Taxes	-	4,062	-	-	-
Sales taxes	-	-	-	-	-
Accrued interest	-	-	-	-	-
Lease agreements	-	-	-	-	-
Other	40	-	-	313	18
Due from other governments	1,474	-	-	5,824	1,102
Inventory of supplies, at cost	-	-	-	-	-
Total Assets	$ 1,514	$ 38,852	$ 7,788	$ 6,137	$ 1,120
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 285	$ 4,606	$ -	$ 2,373	$ 187
Retainage payable	-	11	-	451	27
Unearned revenue	-	-	-	-	-
Due to other funds	1,229	-	-	3,280	906
Total Liabilities	1,514	4,617	-	6,104	1,120
Deferred Inflows of Resources:					
Leases	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Special revenue	-	34,235	7,788	33	-
Committed to:					
Capital projects	-	-	-	-	-
Special revenue	-	-	-	-	-
Assigned to:					
Special revenue	-	-	-	-	-
Total Fund Balance	-	34,235	7,788	33	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 1,514	$ 38,852	$ 7,788	$ 6,137	$ 1,120

Special Revenue								Capital Projects
Home Investment Partnership	FEMA	Gas Lease	Innovation and Venture Capital	Park Performance	Convention and Event Services	Other Special Revenue	Municipal Office Facilities
$ -	$ -	$ 3,018	$ 15,248	$ 5,262	$ 5,375	$ 18,244	$ 4,138
-	-	-	-	-	-	-	-
-	-	-	-	-	1,445	-	-
-	-	-	-	-	-	136	-
-	-	-	-	-	29	-	-
-	-	-	258	-	25,840	-	-
-	-	164	38	248	1,791	2,317	-
105	3,865	-	-	-	-	4,107	-
-	-	-	-	210	-	-	-
$ 105	$ 3,865	$ 3,182	$ 15,544	$ 5,720	$ 34,480	$ 24,804	$ 4,138
$ 12	$ 391	$ 79	$ 1,100	$ 770	$ 2,430	$ 2,094	$ 3
-	-	-	-	-	-	1,155	373
-	109	-	-	851	245	2	-
93	3,322	-	-	-	-	2,636	-
105	3,822	79	1,100	1,621	2,675	5,887	376
-	-	-	158	-	25,239	-	-
-	-	-	158	-	25,239	-	-
-	-	-	-	210	-	-	-
-	-	-	-	-	-	-	-
-	43	3,103	14,286	-	-	10,781	-
-	-	-	-	-	-	-	3,762
-	-	-	-	-	-	7,216	-
-	-	-	-	3,889	6,566	920	-
-	43	3,103	14,286	4,099	6,566	18,917	3,762
$ 105	$ 3,865	$ 3,182	$ 15,544	$ 5,720	$ 34,480	$ 24,804	$ 4,138

(Continued)

CITY OF ARLINGTON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Capital Projects				
	Park	TIRZ #5	Traffic	Other Capital Projects	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	$ 29,810	$ 1,456	$ 1,866	$ 42,428	$ 169,423
Land held for resale	-	-	-	7,653	7,653
Receivables (net of allowance for uncollectibles)					
Taxes	-	-	-	-	5,507
Sales taxes	-	-	-	-	136
Accrued interest	-	-	-	-	29
Lease agreements	-	-	-	-	26,098
Other	-	-	-	17	4,946
Due from other governments	-	-	-	-	16,477
Inventory of supplies, at cost	-	-	-	-	210
Total Assets	$ 29,810	$ 1,456	$ 1,866	$ 50,098	$ 230,479
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 989	$ -	$ 120	$ 1,768	$ 17,207
Retainage payable	3,053	-	-	397	5,467
Unearned revenue	-	-	-	-	1,207
Due to other funds	-	-	-	-	11,466
Total Liabilities	4,042	-	120	2,165	35,347
Deferred Inflows of Resources:					
Leases	-	-	-	-	25,397
Total Deferred Inflows of Resources	-	-	-	-	25,397
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	-	210
Restricted for:					
Capital projects	25,768	1,456	1,746	47,933	76,903
Special revenue	-	-	-	-	70,269
Committed to:					
Capital projects	-	-	-	-	3,762
Special revenue	-	-	-	-	7,216
Assigned to:					
Special revenue	-	-	-	-	11,375
Total Fund Balance	25,768	1,456	1,746	47,933	169,735
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 29,810	$ 1,456	$ 1,866	$ 50,098	$ 230,479

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CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue				
	Federal Transit Administration	**Street Maintenance**	**Downtown TIF**	**Texas Department of Transportation**	**Community Development Block Grant**
REVENUES					
Taxes	$ -	$ 24,206	$ 2,075	$ -	$ -
Leases, rents and concessions	-	-	-	-	-
Service charges	228	48	-	-	-
Interest revenue	-	1,405	321	-	-
Net increase (decrease) in the fair value of investments	-	2	(5)	-	-
Contributions	-	-	-	-	-
Intergovernmental revenues	3,048	-	-	15,734	2,880
Gas lease royalty	-	-	-	-	-
Other	63	91	-	-	-
Total Revenues	3,339	25,752	2,391	15,734	2,880
EXPENDITURES					
Current:					
General government	-	-	3,031	-	-
Public safety	-	-	-	1,496	-
Public works	-	29,980	-	15,769	-
Public welfare	4,395	-	-	-	2,880
Parks and recreation	-	-	-	-	-
Convention and event services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	4,395	29,980	3,031	17,265	2,880
Net change in fund balances	(1,056)	(4,228)	(640)	(1,531)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	1,056	7,547	-	1,531	-
Transfers out	-	(1,438)	(22)	-	-
Total Other Financing Sources (Uses)	1,056	6,109	(22)	1,531	-
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	-	1,881	(662)	-	-
Fund Balance, October 1, as previously reported	-	32,354	8,450	33	-
Change within financial reporting entity:					
Change from major fund to nonmajor fund	-	-	-	-	-
Fund Balance, October 1	-	32,354	8,450	33	-
Fund Balance, September 30	$ -	$ 34,235	$ 7,788	$ 33	$ -

Special Revenue							Capital Projects
Home Investment Partnership	FEMA	Gas Lease	Innovation and Venture Capital	Park Performance	Convention and Event Services	Other Special Revenue	Municipal Office Facilities
$ -	$ -	$ -	$ 924	$ -	$ 10,795	$ 12,495	$ -
-	-	-	7	-	4,016	-	-
-	-	-	-	18,472	1,771	1,707	-
-	-	111	457	170	529	203	179
-	-	(16)	(2)	4	7	5	(26)
-	-	-	-	-	-	-	-
677	7,855	-	-	-	-	16,714	-
-	-	3,114	-	-	-	-	-
-	-	223	77	248	-	7,341	-
677	7,855	3,432	1,463	18,894	17,118	38,465	153
-	-	-	-	-	-	1,456	5,365
-	7,868	-	-	-	-	8,992	-
-	-	-	-	-	-	17,615	-
677	-	326	5,999	-	-	14,996	-
-	-	-	-	18,139	-	32	-
-	-	-	-	-	14,638	-	-
-	-	-	-	-	-	12	-
677	7,868	326	5,999	18,139	14,638	43,103	5,365
-	(13)	3,106	(4,536)	755	2,480	(4,638)	(5,212)
-	-	-	7,781	956	1,095	7,284	2,200
-	-	(2,229)	-	-	(4,409)	(374)	-
-	-	(2,229)	7,781	956	(3,314)	6,910	2,200
-	(13)	877	3,245	1,711	(834)	2,272	(3,012)
-	56	2,226	11,041	2,388	-	16,645	6,774
-	-	-	-	-	7,400	-	-
-	56	2,226	11,041	2,388	7,400	16,645	6,774
$ -	$ 43	$ 3,103	$ 14,286	$ 4,099	$ 6,566	$ 18,917	$ 3,762

(continued)

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Capital Projects				
	Park	TIRZ #5	Traffic	Other Capital Projects	Total Nonmajor Governmental Funds
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ 50,495
Leases, rents and concessions	-	-	-	-	4,023
Service charges	2,046	-	-	-	24,272
Interest revenue	1,782	62	111	1,628	6,958
Net increase (decrease) in the fair value of investments	(120)	1	(6)	(44)	(200)
Contributions	250	-	-	-	250
Intergovernmental revenues	-	-	-	-	46,908
Gas lease royalty	-	-	-	-	3,114
Other	-	-	-	130	8,173
Total Revenues	3,958	63	105	1,714	143,993
EXPENDITURES					
Current:					
General government	-	-	-	202	10,054
Public safety	-	-	-	1,034	19,390
Public works	-	-	-	-	63,364
Public welfare	-	-	-	-	29,273
Parks and recreation	-	-	-	-	18,171
Convention and event services	-	-	-	-	14,638
Capital outlay	22,954	-	1,199	11,054	35,219
Total Expenditures	22,954	-	1,199	12,290	190,109
Net change in fund balances	(18,996)	63	(1,094)	(10,576)	(46,116)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	5,571	35,021
Transfers out	(956)	-	-	-	(9,428)
Total Other Financing Sources (Uses)	(956)	-	-	5,571	25,593
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	(19,952)	63	(1,094)	(5,005)	(20,523)
Fund Balance, October 1, as previously reported	45,720	1,393	2,840	52,938	182,858
Change within financial reporting entity:					
Change from major fund to nonmajor fund	-	-	-	-	7,400
Fund Balance, October 1	45,720	1,393	2,840	52,938	190,258
Fund Balance, September 30	$ 25,768	$ 1,456	$ 1,746	$ 47,933	$ 169,735

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
REVENUES						
Taxes	$ 76,646	$ 76,646	$ 127,160	$ (53,911)	$ 73,249	$ (3,397)
Interest revenue	2,250	2,250	3,890	-	3,890	1,640
Net increase (decrease) in fair value of investments	-	-	-	-	-	-
Leases, rents and concessions	-	-	4,000	-	4,000	4,000
Other revenue	-	-	206	(37)	169	169
Total Revenues	78,896	78,896	135,256	(53,948)	81,308	2,412
EXPENDITURES						
Debt Service-						
Principal retirement	52,213	52,213	147,160	(93,695)	53,465	(1,252)
Redemption premium	-	-	-	-	-	-
Interest and fiscal charges	26,919	26,919	46,270	(20,930)	25,340	1,579
Total Expenditures	79,132	79,132	193,430	(114,625)	78,805	327
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(236)	(236)	(58,174)	60,677	2,503	2,739
OTHER FINANCING SOURCES (USES)						
Bond premium	-	-	449	-	449	449
Proceeds from bonds	800	800	8,230	-	8,230	7,430
Issuance of refunding bonds	-	-	-	-	-	-
Refunding bond principal	-	-	-	-	-	-
Amount used to fund escrow account	-	-	-	-	-	-
Transfers in	1,536	1,536	5,082	3,714	8,796	7,260
Transfers out	-	-	(8,500)	-	(8,500)	(8,500)
Total Other Financing Sources	2,336	2,336	5,261	3,714	8,975	6,639
Net Change In Fund Balances	2,100	2,100	(52,913)	64,391	11,478	9,378
Fund Balances - Beginning	58,677	58,677	85,698	(21,741)	63,957	5,280
Fund Balances - Ending	$ 60,777	$ 60,777	$ 32,785	$ 42,650	$ 75,435	$ 14,658

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
STREET MAINTENANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
REVENUES						
Taxes	$ 26,219	$ 26,219	$ 24,206	$ -	$ 24,206	$ (2,013)
Interest revenue	908	908	1,405	-	1,405	497
Net increase (decrease) in fair value of investments	-	-	2	(2)	-	-
Other revenue	-	-	139	-	139	139
Total Revenues	27,127	27,127	25,752	(2)	25,750	(1,377)
EXPENDITURES						
Current-						
Public works	37,719	37,719	29,980	649	30,629	7,090
Total Expenditures	37,719	37,719	29,980	649	30,629	7,090
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(10,592)	(10,592)	(4,228)	(651)	(4,879)	5,713
OTHER FINANCING SOURCES						
Transfers in	7,547	7,547	7,547	-	7,547	-
Transfers out	(737)	(737)	(1,438)	-	(1,438)	(701)
Total Other Financing Sources	6,810	6,810	6,109	-	6,109	(701)
Net Change In Fund Balances	(3,782)	(3,782)	1,881	(651)	1,230	5,012
Fund Balances - Beginning	32,354	32,354	32,354	-	32,354	-
Fund Balances - Ending	$ 28,572	$ 28,572	$ 34,235	$ (651)	$ 33,584	$ 5,012

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
PARK PERFORMANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
REVENUES						
Service charges	$ 16,404	$ 16,404	$ 18,472	$ -	$ 18,472	$ 2,068
Interest revenue	-	-	174	-	174	174
Other revenue	-	-	248	-	248	248
Total Revenues	16,404	16,404	18,894	-	18,894	2,490
EXPENDITURES						
Current-						
Parks and recreation	20,907	20,907	18,139	(433)	17,706	2,768
Total Expenditures	20,907	20,907	18,139	(433)	17,706	2,768
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(4,503)	(4,503)	755	433	1,188	(5,258)
OTHER FINANCING SOURCES						
Transfers in	3,097	3,097	956	-	956	(2,141)
Transfers out	-	-	-	-	-	-
Total Other Financing Sources	3,097	3,097	956	-	956	(2,141)
Net Change In Fund Balances	(1,406)	(1,406)	1,711	433	2,144	(3,117)
Fund Balances - Beginning	2,388	2,388	2,388	243	2,631	-
Fund Balances - Ending	$ 982	$ 982	$ 4,099	$ 676	$ 4,775	$ (3,117)

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
CONVENTION AND EVENT SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
REVENUES						
Taxes	$ 11,409	$ 11,409	$ 10,795	$ -	$ 10,795	$ (614)
Service charges	1,318	1,318	1,771	-	1,771	453
Stadium Rent/Naming Rights	3,405	3,405	4,016	-	4,016	611
Interest revenue	-	-	529	-	529	529
Net increase (decrease) in fair value of investments	-	-	7	(7)	-	-
Other	-	-	-	-	-	-
Total Revenues	16,132	16,132	17,118	(7)	17,111	979
EXPENDITURES						
Current-						
Convention & event services	16,708	16,708	14,638	484	15,122	1,586
Total Expenditures	16,708	16,708	14,638	484	15,122	1,586
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(576)	(576)	2,480	(491)	1,989	2,565
OTHER FINANCING SOURCES						
Transfers in	3,406	3,406	1,095	-	1,095	(2,311)
Transfers out	(6,415)	(6,415)	(4,409)	-	(4,409)	2,006
Total Other Financing Sources	(3,009)	(3,009)	(3,314)	-	(3,314)	(305)
Net Change In Fund Balances	(3,585)	(3,585)	(834)	-	(1,325)	2,260
Fund Balances - Beginning	7,400	7,400	7,400		7,400	
Fund Balances - Ending	$ 3,815	$ 3,815	$ 6,566	$ -	$ 6,075	$ 2,260

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
WATER AND SEWER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 202
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
Water sales	$ 100,753	$ 100,753	$ 106,887	$ (292)	$ 106,595	$ 5,842
Sewer service	92,941	$ 92,941	91,276	(367)	90,909	(2,032)
Sundry	10,045	$ 10,045	17,548	(7)	17,541	7,496
Total Operating Revenues	203,739	203,739	215,711	(666)	215,045	11,306
EXPENDITURES						
Purchases of water	$ 28,006	$ 28,006	$ 22,989	$ -	$ 22,989	$ 5,017
Purchase of sewage treatment	51,751	$ 51,751	50,955	-	50,955	796
Salaries and wages	17,446	$ 17,446	19,263	(405)	18,858	(1,412)
Benefits	4,842	$ 4,842	5,594	(453)	5,141	(299)
Operations and maintenance	23,520	$ 23,520	20,641	(988)	19,653	3,867
Franchise fees	11,761	$ 11,761	-	12,187	12,187	(426)
Payment in lieu of taxes	5,249	$ 5,249	-	5,162	5,162	87
Depreciation	-	$ -	24,121	(23,958)	163	(163)
Miscellaneous services	1,300	$ 1,300	346	-	346	954
Total Operating Expenses	143,875	143,875	143,909	(8,455)	135,454	8,421
Operating Income	59,864	59,864	71,802	7,789	79,591	19,727
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	4,062	4,062	12,745	(4,082)	8,663	4,601
Net increase (decrease) in the fair value of investments	-	-	210	(210)	-	-
Other non-operating	-	-	(1,249)			
Interest expense and fiscal charges	(35,512)	(35,512)	(5,529)	(25,608)	(31,137)	4,375
Total Nonoperating Revenues (Expenses)	(31,450)	(31,450)	6,177	(29,900)	(22,474)	8,976
Income (loss) before operating transfers and contributions	28,414	28,414	77,979	(22,111)	55,868	27,454
Contributions in aid of construction	-	-	9,512	(9,512)	-	-
Transfers in	2,820	2,820	170	-	170	(2,650)
Transfers out	(31,225)	(31,225)	(38,542)	17,349	(21,193)	10,032
Change In net position	9	9	49,119	(14,274)	34,845	(34,836)
Total net position-beginning	858,871	858,871	858,871	-	858,871	-
Total net position-ending	$ 858,880	$ 858,880	$ 907,990	$ (14,274)	$ 893,716	$ (34,836)

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
STORM WATER UTILITY
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
Storm water fee - commercial	$ 13,055	$ 13,055	$ 13,068	$ 81	$ 13,149	$ 94
Storm water fee - residential	14,032	$ 14,032	14,084	66	$ 14,150	118
Sundry	-	$ -	777	-	$ 777	777
Total Operating Revenues	27,087	27,087	27,929	147	28,076	989
EXPENDITURES						
Purchases of water	-	-	-	-	$ -	$ -
Purchase of fuel	-	-	-	-	-	-
Salaries and wages	2,989	2,989	2,904	(474)	2,430	559
Benefits	846	- 846	825	-	825	21
Operations and maintenance	8,884	8,884	2,232	5,935	8,167	717
Claims (net of adjustments)	-	-	-	-	-	-
Depreciation/amortization	-	-	3,471	(3,469)	2	(2)
Miscellaneous services	-	-	-	-	-	-
Total Operating Expenses	12,719	12,719	9,432	1,992	11,424	1,295
Operating Income	14,368	14,368	18,497	(1,845)	16,652	(2,284)
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	1,000	1,000	2,782	(1,003)	1,779	779
Net increase (decrease) in the fair value of investments	-	-	(11)	11	-	-
Interest expense and fiscal charges	(2,674)	(2,674)	(1,347)	-	(1,347)	1,327
Total Nonoperating Revenues (Expenses)	(1,674)	(1,674)	1,424	(992)	432	2,106
Income (loss) before operating transfers and contributions	12,694	12,694	19,921	(2,837)	17,084	4,390
Contributions in aid of construction	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(12,717)	(12,717)	(2,899)	1,647	(1,252)	11,465
Change In net position	(23)	(23)	17,022	(1,190)	15,832	15,855
Total net position-beginning	195,798	195,798	195,798	-	195,798	-
Total net position-ending	$ 195,775	$ 195,775	$ 212,820	$ (1,190)	$ 211,630	$ 15,855

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
AVIATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
FBO Fuel	$ 7,613	$ 7,613	$ 4,742	$ -	$ 4,742	$ (2,871)
Rents and Royalties	2,421	2,421	3,193	-	3,193	772
Intergovernmental Revenues	-	-	-	-	-	-
Sundry	14	14	126	-	126	112
Total Operating Revenues	10,048	10,048	8,061	-	8,061	(1,987)
EXPENDITURES						
Purchases of water	$ -	$ -	$ -	$ -	$ -	$ -
Purchases of fuels	5,689	5,689	3,333	31	3,364	2,325
Purchase of sewage treatment	-	-	-	-	-	-
Salaries and wages	1,676	1,676	1,695	(39)	1,656	20
Benefits	472	472	473	-	473	(1)
Operations and maintenance	1,066	1,066	773	-	773	293
Claims (net of adjustments)	-	-	-	-	-	-
Depreciation / amortizations	-	-	1,632	(1,632)	-	-
Miscellaneous services	-	-	22	4	26	(26)
Total Operating Expenses	8,903	8,903	7,928	(1,636)	6,292	2,611
Operating Income	1,145	1,145	133	1,636	1,769	624
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	-	-	105	-	105	105
Net increase (decrease) in the fair value of investments	-	-	25	(25)	-	-
Interest expense and fiscal charges	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	130	(25)	105	105
Income (loss) before operating transfers and contributions	1,145	1,145	263	1,611	1,874	(3,815)
Contributions in aid of construction	-	-	-	-	-	-
Transfers in	-	-	9,326	-	9,326	9,326
Transfers out	(633)	(633)	(1,375)	-	(1,375)	(742)
Change In net position	512	512	8,214	1,611	9,825	9,313
Total net position-beginning	36,035	36,035	36,035	-	36,035	-
Total net position-ending	$ 36,547	$ 36,547	$ 44,249	$ 1,611	$ 45,860	$ 9,313

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INTERNAL SERVICE FUNDS

FLEET SERVICES FUND - The purpose of this fund is to account for the purchase of City vehicles and to provide maintenance services for such vehicles.

SELF INSURANCE RISK MANAGEMENT FUND - The purpose of this fund is to provide the City an appropriate amount of money with which it can pay claims arising out of the covered risks for which the City may be liable, all as part of its self-insurance plan.

WORKERS' COMPENSATION FUND - The City's Workers' Compensation Program provides City employees with workers' compensation insurance. The purpose of this fund is to account for the activity of such program.

GROUP HEALTH FUND - The City's group health insurance program provides City employees with health insurance. The purpose of this fund is to account for the activity of such program.

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fleet Services	Self Insurance Risk Management	Workers Compensation	Group Health	Total
ASSETS					
Current Assets:					
Cash and cash equivalent investments	$ 3,514	$ 7,087	$ 4,924	$ 11,983	$ 27,508
Receivables (net of allowances for uncollectibles)					
Accrued interest	-	2	-	-	2
Other	2	592	40	-	634
Total Current Assets	3,516	7,681	4,964	11,983	28,144
Noncurrent Assets:					
Capital Assets:					
Buildings and improvements	467	-	-	-	467
Machinery and equipment	69,966	-	-	-	69,966
Accumulated depreciation and amortization	(45,870)	-	-	-	(45,870)
Total Capital Assets (Net of Accumulated Depreciation)	24,563	-	-	-	24,563
Total Assets	28,079	7,681	4,964	11,983	52,707
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	731	-	-	550	1,281
Estimated claims payable	-	1,411	1,283	3,518	6,212
Total Current Liabilities	731	1,411	1,283	4,068	7,493
Noncurrent Liabilities:					
Estimated claims payable	-	3,226	2,907	-	6,133
Total Noncurrent Liabilities	-	3,226	2,907	-	6,133
Total Liabilities	731	4,637	4,190	4,068	13,626
NET POSITION					
Net investment in capital assets	27,348	-	-	7,915	35,263
Unrestricted	-	3,044	774	-	3,818
Total Net Position	$ 27,348	$ 3,044	$ 774	$ 7,915	$ 39,081

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fleet Services	Self Insurance Risk Management	Workers Compensation	Group Health	Total
OPERATING REVENUES:					
Service charges	$ 11,250	$ -	$ 2,226	$ 33,006	$ 46,482
Total Operating Revenues	11,250	-	2,226	33,006	46,482
OPERATING EXPENSES:					
Purchase of fuel	2,541	-	-	-	2,541
Salaries and wages	43	-	-	-	43
Benefits	28	-	-	-	28
Operations and maintenance	5,235	-	249	-	5,484
Claims (net of adjustments)	-	1,965	1,738	35,431	39,134
Depreciation	6,391	-	-	-	6,391
Miscellaneous services	-	289	-	100	389
Total Operating Expenses	14,238	2,254	1,987	35,531	54,010
OPERATING INCOME (LOSS)	(2,988)	(2,254)	239	(2,525)	(7,528)
NON-OPERATING REVENUES (EXPENSES):					
Interest revenue	-	166	196	546	908
Net change in the fair value of inves	-	75	1	(6)	70
Gain on sale of assets	980	-	-	-	980
Total Non-operating Revenues (Expenses)	980	241	197	540	1,958
Income (Loss) Before Transfers	(2,008)	(2,013)	436	(1,985)	(5,570)
Transfers in	4,106	633	-	-	4,739
Change In Net Position	2,098	(1,380)	436	(1,985)	(831)
Total Net Position, October 1	25,250	4,424	338	9,900	39,912
Total Net Position, September 30	$ 27,348	$ 3,044	$ 774	$ 7,915	$ 39,081

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fleet Services	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 11,248	$ -
Cash payments to suppliers	(7,963)	(2,187)
Cash payments to employees	(84)	-
Net Cash Provided By (Used For) Operating Activities	3,201	(2,187)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	4,106	633
Transfers out	-	-
Net Cash Provided By Noncapital Financing Activities	4,106	633
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(8,979)	-
Proceeds from sales of capital assets	1,030	-
Net Cash Used For Capital and Related Financing Activities	(7,949)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from interest earnings	-	182
Net increase (decrease) in the fair value of investments	-	75
Net Cash Provided By Investing Activities	-	257
Net decrease in cash and cash equivalents	(642)	(1,297)
Cash and cash-equivalent investments at October 1	4,156	8,384
Cash and cash-equivalent investments at September 30	$ 3,514	$ 7,087
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating Income (Loss)	$ (2,988)	$ (2,254)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	6,391	-
(Increase) decrease in-		
Inventory of supplies	-	-
Accounts receivable	(2)	(318)
Prepaid expenses	-	-
Increase (decrease) in-		
Accounts payable and accrued liabilities	(187)	-
Estimated claims payable	-	385
Accrued compensated absences	(13)	-
Total adjustments	6,189	67
Net Cash Provided By (Used For) Operating Activities	$ 3,201	$ (2,187)

Workers' Compensation	Group Health	Totals
$ 2,347	$ 33,006	$ 46,601
(2,075)	(34,905)	(47,130)
-	-	(84)
272	(1,899)	(613)
-	-	4,739
-	-	-
-	-	4,739
-	-	(8,979)
-	-	1,030
-	-	(7,949)
196	546	924
1	(6)	70
197	540	994
469	(1,359)	(2,829)
4,455	13,342	30,337
$ 4,924	$ 11,983	$ 27,508
$ 239	$ (2,525)	$ (7,528)
-	-	6,391
-	-	-
121	-	(199)
-	-	-
(88)	106	(169)
-	520	905
-	-	(13)
33	626	6,915
$ 272	$ (1,899)	$ (613)

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FIDUCIARY FUNDS

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS:

PART-TIME DEFERRED INCOME TRUST FUND - The purpose of this fund is to account for assets held for part-time employees as an alternative retirement plan to Social Security.

DISABILITY INCOME PLAN FUND - The purpose of this fund is to account for the accumulation of resources for disability benefit payments to qualified employees who become disabled due to illness or accident.

CUSTODIAL FUNDS:

ESCROW FUND - The purpose of this fund is to account for assets held by the City in a fiduciary capacity as custodian or agent for individuals, other funds within the City, other governmental units, and private organizations. These include amounts held for court proceedings and amounts held for infrastructure improvements donated by developers.

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF PENSION AND OTHER EMPLOYEE
BENEFIT TRUST FUNDS NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Pension and Other Employee Benefit Trust Funds		
	Part-Time Deferred Income Trust	Disability Income Plan	Total
ASSETS			
Investments:			
Money market fund	$ 1,734	$ 1,145	$ 2,879
Total Investments	1,734	1,145	2,879
Total Assets	$ 1,734	$ 1,145	$ 2,879
NET POSITION			
Restricted for pensions	1,734	-	1,734
Restricted for OPEB	-	1,145	1,145
Total Net Position	$ 1,734	$ 1,145	$ 2,879

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CUSTODIAL FUNDS
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Escrow Fund
ASSETS	
Cash and cash equivalents	$ 4,698
Total Assets	$ 4,698
LIABILITIES	
Restricted for individuals, organizations, other governments	$ 4,698
Total Liabilities	$ 4,698

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Pension and Other Employee Benefit Trust Funds		
	Part-Time Deferred Income Trust	Disability Income Plan	Total
ADDITIONS			
Employee contributions	$ 603	$ -	$ 603
Net depreciation in fair value of investments	17	24	41
Total Additions	620	24	644
DEDUCTIONS			
Benefits	2,131	99	2,230
Plan administration	148	15	163
Total Deductions	2,279	114	2,393
Change in Net Position	(1,659)	(90)	(1,749)
Net Position, October 1	3,393	1,235	4,628
Net Position, September 30	$ 1,734	$ 1,145	$ 2,879

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Escrow Fund
ADDITIONS	
Other additions	$ 14,575
Seizures	51
Total Additions	14,626
DEDUCTIONS	
Other deductions	18,291
Total Deductions	18,291
Change in Net Position	(3,665)
Net Position, October 1	3,665
Net Position, September 30	$ -

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DISCRETELY PRESENTED COMPONENT UNITS

ARLINGTON HOUSING AUTHORITY - The purpose of the Arlington Housing Authority (AHA) is to provide low income housing assistance within the City. The AHA issues separate financial statements.

ARLINGTON CONVENTION AND VISITORS BUREAU, INC. - The purpose of the Arlington Convention and Visitors Bureau (ACVB) is to promote tourism within the City. The ACVB issues separate financial statements.

ARLINGTON TOMORROW FOUNDATION - The purpose of the Arlington Tomorrow Foundation is to oversee an endowment fund created by natural gas revenues to be used for the benefit of the Arlington community.

ARLINGTON HOUSING FINANCE CORPORATION - The purpose of the Arlington Housing Finance Corporation (AHFC) is to provide financial assistance to low income, multi-family residences and single-family homebuyers within the City.

ARLINGTON CONVENTION CENTER DEVELOPMENT CORPORATION - The purpose of the Arlington Convention Center Development Corporation (ACCDC) is to promote tourism and the convention and hotel industry.

ARLINGTON ECONOMIC DEVELOPMENT CORPORATION – The purpose of the Arlington Economic Development Corporation is to bring about and fund business recruitment and redevelopment projects.

ARLINGTON TOURISM PUBLIC IMPROVEMENT DISTRICT – The purpose of the Arlington Tourism Public Improvement District is to improve convention and group hotel bookings and hotel room night consumption in the City. The ATPID issues separate financial statements.

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
AS OF SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

	Arlington Housing Authority	Arlington Convention & Visitors Bureau	Arlington Tomorrow Foundation
ASSETS			
Current Assets:			
Cash and cash-equivalent investments	$ 7,577	$ 2,220	$ 26,618
Investments	1,462	-	99,318
Receivables (net of allowances for uncollectibles):			
Accrued interest	27	-	195
Taxes	-	-	-
Other	306	107	-
Prepaid expenses	52	238	-
Total Current Assets	9,424	2,565	126,131
Non-Current Assets:			
Capital Assets-			
Land	-	-	-
Buildings and improvements	1,677	-	-
Machinery and equipment	686	5,175	-
Accumulated depreciation	(1,231)	(1,062)	-
Total Non-Current Assets	1,132	4,113	-
Total Assets	10,556	6,678	126,131
LIABILITIES			
Accounts payable and accrued liabilities	2,116	581	3,865
Unearned revenue	145	89	-
Total Liabilities	2,261	670	3,865
NET POSITION			
Net investment in capital assets	174	4,113	-
Restricted for housing assistance	1,091	-	-
Restricted for expendable for operations	-	-	-
Unrestricted	7,030	1,895	122,266
Total Net Position	$ 8,295	$ 6,008	$ 122,266

Arlington Housing Finance Corporation	Arlington Tourism Public Improvement District	Arlington Convention Center Development Corporation	Arlington Economic Development Corporation	Total
$ 3,163	$ 1,366	$ 1	$ 55,771	$ 96,716
-	-	-	-	100,780
-	-	-	-	222
-	-	-	4,062	4,062
-	700	86	-	1,199
-	227	-	-	517
3,163	2,293	87	59,833	203,496
4,654	-	-	7,632	12,286
-	-	-	-	1,677
-	190	-	-	6,051
-	(111)	-	-	(2,404)
4,654	79	-	7,632	17,610
7,817	2,372	87	67,465	221,106
1	17	60	4,239	10,879
4,241	-	-	-	4,475
4,242	17	60	4,239	15,354
4,654	79	-	-	9,020
-	-	-	-	1,091
-	-	-	63,226	63,226
(1,079)	2,276	27	-	132,415
$ 3,575	$ 2,355	$ 27	$ 63,226	$ 205,752

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Component Units:				
Arlington Housing Authority	$ 54,562	$ -	$ 55,790	$ -
Arlington Convention and Visitors Bureau	15,786	7,521	8,190	-
Arlington Tomorrow Foundation	7,638	-	-	-
Arlington Housing Finance Corporation	262	702	-	-
Arlington Tourism Public Improvement District	5,096	4,177	-	-
Arlington Convention Center Development Corp	192	196	-	-
Arlington Economic Development Corporation	32,543	24,206	-	-
Total Component Units	$ 116,079	$ 36,802	$ 63,980	$ -

General Revenues:
Interest/Dividend revenue
Net increase (decrease) in fair value of investments
Other
Total General Revenues and Transfers
Changes in Net Position
Net Position - Beginning
Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Position								
Arlington Housing Authority	Arlington Convention & Visitors Bureau	Arlington Tomorrow Foundation	Arlington Housing Finance Corporation	Arlington Tourism Public Improvement District	Arlington Convention Center Development Corporation	Arlington Economic Development Corporation	Total
$ 1,228	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,228
-	(75)	-	-	-	-	-	(75)
-	-	(7,638)	-	-	-	-	(7,638)
-	-	-	440	-	-	-	440
-	-	-	-	(919)	-	-	(919)
-	-	-	-	-	4	-	4
-	-	-	-	-	-	(8,337)	(8,337)
$ 1,228	$ (75)	$ (7,638)	$ 440	$ (919)	$ 4	$ (8,337)	$ (15,297)
54	86	3,978	128	74	-	2,517	6,837
-	-	8,949	1	-	-	(29)	8,921
210	200	3,408	-	26	-	1,249	5,093
264	286	16,335	129	100	-	3,737	20,851
1,492	211	8,697	569	(819)	4	(4,600)	5,554
6,803	5,797	113,569	3,006	3,174	23	67,826	200,198
$ 8,295	$ 6,008	$ 122,266	$ 3,575	$ 2,355	$ 27	$ 63,226	$ 205,752

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CITY OF ARLINGTON, TEXAS
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS - BY SOURCES
AS OF SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	$	291,660
Buildings		2,497,562
Improvements other than buildings		245,006
Machinery and equipment		100,067
Construction-in-progress		185,763
Infrastructure		1,165,034
Total Governmental Funds Capital Assets	$	4,485,092
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS:		
General Fund	$	3,134,295
Capital Projects Fund		1,350,797
Total Governmental Funds Capital Assets	$	4,485,092

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities the statement of net position.

CITY OF ARLINGTON, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

Function and Activitiy	Total	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment
Administration:					
Information Technology	$ 14,445	$ -	$ -	$ -	$ 14,445
General	2,566,733	176,000	2,300,429	81,323	8,981
Convention and Event Services	637	-	-	-	637
Total Administration	2,581,815	176,000	2,300,429	81,323	24,063
Operations:					
Fire	55,981	2,146	17,173	-	36,662
Municipal court	2,010	-	642	-	1,368
Police	41,952	654	21,490	366	19,442
Parks and recreation	398,096	82,355	157,539	152,235	5,967
Communication services	88	-	-	-	88
Total Operations	498,127	85,155	196,844	152,601	63,527
Development:					
Community development	12,299	-	289	10,725	1,285
Engineering services	137	-	-	-	137
Transporation	41,917	30,505	-	357	11,055
Total Development	54,353	30,505	289	11,082	12,477
Total Capital Assets Allocated to Functions	3,134,295	291,660	2,497,562	245,006	100,067
Infrastructure	1,165,034				
Construction in Progress	185,763				
Total Governmental Funds Capital Assets	$ 4,485,092				

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities the statement of net position.

CITY OF ARLINGTON, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS -
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(AMOUNTS EXPRESSED IN THOUSANDS)

Function and Activity	Governmental Funds Assets October 1, 2024	Additions	Deletions	Governmental Funds Assets September 30, 2025
Administration:				
Information Technology	$ 14,445	$ -	$ -	$ 14,445
General	2,564,755	1,978	-	2,566,733
Convention and Event Services	576	61	-	637
Total Administration	2,579,776	2,039	-	2,581,815
Operations:				
Fire	53,211	2,940	(170)	55,981
Municipal court	2,080	-	-	2,080
Police	41,779	344	(241)	41,882
Parks and recreation	327,009	71,087	-	398,096
Communication services	88	-	-	88
Total Operations	424,167	74,371	(411)	498,127
Development:				
Community development	6,363	5,936	-	12,299
Engineering services	137	-	-	137
Transportation	42,664	-	(747)	41,917
Total Development	49,164	5,936	(747)	54,353
Infrastructure	1,129,939	35,095	-	1,165,034
Construction in Progress	214,445	91,781	(120,463)	185,763
Total Governmental Funds Capital Assets	$ 4,397,491	$ 209,222	$ (121,621)	$ 4,485,092

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities the statement of net position.

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STATISTICAL SECTION
(Unaudited)

The City of Arlington's statistical section presents detailed information as a context for understanding the information in the Comprehensive Annual Financial Report, which details the City's overall financial health and well-being.

FINANCIAL TRENDS – The Financial Trends schedules contain information to help financial statement users understand how the City's financial position has changed over time.

REVENUE CAPACITY – The Revenue Capacity schedules contain information to help financial statement users assess the City's most significant local revenue source, the property tax.

DEBT CAPACITY – The Debt Capacity schedules present information to help financial statement users assess the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – The Demographic and Economic Statistic schedules offer demographic and economic indicators to help financial statement users understand the environment within which the City's financial activities take place.

OPERATING INFORMATION – The Operating Information schedules contain service and infrastructure data to help financial statement users understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF ARLINGTON, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)(In Thousands)

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	$ 1,055,902	$ 1,130,555	$ 881,082	$ 1,462,715
Restricted (Debt Srvcs/Impact Fee/Endowments/Spec Rev)	36,068	29,169	50,408	65,742
Unrestricted	181,216	110,143	241,799	50,411
Total governmental activities net position	$ 1,273,186	$ 1,269,867	$ 1,173,289	$ 1,578,868
Business-type activities				
Net investment in capital assets	$ 639,243	$ 653,455	$ 694,201	$ 653,396
Restricted	18,150	20,334	39,028	118,649
Unrestricted	51,776	61,652	24,483	29,756
Total business-type activities net position	$ 709,169	$ 735,441	$ 757,712	$ 801,801
Primary government				
Net investment in capital assets	$ 1,695,145	$ 1,784,010	$ 1,575,283	$ 2,116,111
Restricted (Debt Srvcs/Impact Fee)	54,218	49,503	89,436	184,391
Unrestricted	233,324	171,795	266,282	80,167
Total primary government net position	$ 1,982,687	$ 2,005,308	$ 1,931,001	$ 2,380,669

Source: City of Arlington Finance Department

Note: Fiscal Year 2017 amounts have been restated for the impact of GASB Statement No. 75.

2020	2021	2022	2023	2024	2025
$ 1,864,421	$ 1,872,543	$ 1,692,854	$ 1,836,472	$ 1,998,472	$ 2,049,056
104,569	91,922	265,606	128,538	162,906	111,836
76,926	5,678	187	44,123	(137,284)	(71,174)
$ 2,045,916	$ 1,970,143	$ 1,958,647	$ 2,009,133	$ 2,024,094	$ 2,089,718
$ 690,058	$ 739,140	$ 83	$ 750,148	$ 845,640	$ 878,440
107,246	102,695	82,037	63,852	53,638	70,068
45,273	36,206	26,257	182,236	185,792	210,068
$ 842,577	$ 878,041	$ 108,377	$ 996,236	$ 1,085,070	$ 1,158,576
$ 2,554,479	$ 2,611,683	$ 2,526,760	$ 2,586,620	$ 2,844,112	$ 2,927,496
211,815	194,617	347,643	192,390	216,544	181,904
122,199	41,884	26,444	226,359	48,508	138,894
$ 2,888,493	$ 2,848,184	$ 2,900,847	$ 3,005,369	$ 3,109,164	$ 3,248,294

CITY OF ARLINGTON, TEXAS
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)(In Thousands)

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental activities:				
General government	$ 75,486	$ 77,110	$ 81,032	$ 82,037
Public safety	156,414	170,459	167,064	187,839
Public works	61,115	68,036	65,482	75,818
Public health	2,741	2,934	3,067	3,610
Parks and recreation	32,449	34,204	35,599	37,161
Public welfare	14,978	10,280	68,964	11,132
Convention and event services	8,384	13,987	16,439	15,416
Lease expense	-	-	-	-
Interest on long term debt	23,016	19,209	29,247	37,378
Total governmental activities expenses	$ 374,583	$ 396,219	$ 466,894	$ 450,391
Business-type activities:				
Water and sewer	$ 98,697	$ 107,537	$ 108,471	$ 113,341
Stormwater	5,740	6,208	6,651	6,411
Aviation - nonmajor	-	-	-	-
Total business-type activities expenses	$ 104,437	$ 113,745	$ 115,122	$ 119,752
Total primary government expenses	$ 479,020	$ 509,964	$ 582,016	$ 570,143
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 21,863	$ 24,579	$ 25,798	$ 29,217
Public safety	16,392	15,412	14,405	15,337
Public works	2,085	2,491	2,473	2,309
Public health	3,393	3,536	3,273	4,025
Parks and recreation	11,180	9,775	10,909	11,206
Public welfare	216	215	288	262
Convention and event services	3,680	3,107	3,120	2,296
Operating grants and contributions	62,107	14,754	20,591	15,849
Capital grants and contributions	5,814	9,442	4,544	410,903
Total governmental activities program revenues	$ 126,730	$ 83,311	$ 85,401	$ 491,404
Business-type activities:				
Charges for services:				
Water and sewer	$ 131,086	$ 138,007	$ 155,958	$ 155,189
Storm water utility	13,575	15,011	16,384	18,014
Aviation - nonmajor	-	-	-	-
Capital grants and contributions	1,820	3,552	5,662	4,978
Other	-	-	-	-
Total business-type activities program revenues	$ 146,481	$ 156,570	$ 178,004	$ 178,181
Total primary government program revenues	$ 273,211	$ 239,881	$ 263,405	$ 669,585
Net (Expense) Revenue				
Governmental activities	$ (247,853)	$ (312,908)	$ (381,493)	$ 41,013
Business-type activities	42,044	42,825	62,882	58,429
Total Primary government net expense	$ (205,809)	$ (270,083)	$ (318,611)	$ 99,442
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	$ 121,943	$ 131,243	$ 143,826	$ 154,606
Sales taxes	102,580	105,352	109,645	118,724
Other taxes	20,430	23,163	23,960	27,372
Gas Lease	-	-	-	-
Franchise fees	25,435	24,859	25,166	24,921
Investment earnings	4,023	4,714	9,276	11,329
Net increase (decrease) in fair value	(598)	(1,027)	(1,384)	3,351
Other	6,084	3,852	6,125	5,217
Special Item	-	-	-	-
Transfers	16,619	17,101	34,364	18,769
Total governmental activities	$ 296,516	$ 309,257	$ 350,978	$ 364,289
Business-type activities:				
Investment earnings	$ 687	$ 1,098	$ 1,850	$ 3,014
Gain on sale/retirement of capital assets	(35)	(550)	(862)	1,662
Miscellaneous	-	-	-	-
Transfers	(16,619)	(17,101)	(34,364)	(18,769)
Total Business-type activities	$ (15,967)	$ (16,553)	$ (33,376)	$ (14,093)
Total primary government	$ 280,549	$ 292,704	$ 317,602	$ 350,196
Change in Net Position				
Governmental activities	$ 48,663	$ (3,651)	$ (30,515)	$ 405,302
Business-type activities	26,077	26,272	29,506	44,336
Total primary government	$ 74,740	$ 22,621	$ (1,009)	$ 449,638

Source: City of Arlington Finance Department

	2020	2021	2022	2023	2024	2025
$	78,057 $	125,142 $	125,031 $	123,341 $	134,010 $	124,421
	136,008	161,468	183,230	214,764	230,108	235,887
	45,503	74,761	91,298	86,916	90,291	100,451
	3,219	2,548	3,025	3,732	4,546	3,267
	29,474	30,915	42,481	48,097	46,366	43,115
	47,780	26,442	43,975	35,467	16,468	29,369
	17,329	14,573	20,660	22,249	22,155	14,702
	-	-	(46)	173	-	-
	38,627	39,204	37,649	28,223	38,217	23,963
$	395,997 $	475,053 $	547,303 $	562,962 $	582,161 $	575,175
$	110,095 $	124,936 $	122,599 $	131,243 $	143,308 $	151,536
	8,443	7,956	8,741	9,995	11,091	10,779
	-	-	-	-	9,039	7,928
$	118,538 $	132,892 $	131,340 $	141,238 $	163,438 $	170,243
$	514,535 $	607,945 $	678,643 $	704,200 $	745,599 $	745,418
$	25,378 $	26,270 $	36,250 $	32,667 $	27,710 $	28,756
	13,655	10,698	11,052	10,488	10,343	13,579
	1,983	2,856	2,245	2,211	2,153	2,774
	4,513	5,410	6,565	3,591	5,296	5,297
	10,916	14,685	18,122	17,028	20,813	20,613
	198	168	221	241	302	295
	942	1,157	1,809	5,107	4,868	5,787
	21,764	58,366	44,613	24,544	37,160	42,122
	380,662	4,136	4,068	2,200	2,250	250
$	460,011 $	123,746 $	124,945 $	98,077 $	110,895 $	119,473
$	165,047 $	169,901 $	192,877 $	191,636 $	196,590 $	215,711
	19,650	20,526	22,072	24,355	27,838	27,929
	-	-	-	-	5,327	7,961
	3,194	3,715	6,342	7,875	6,713	9,612
	-	-	-	-	-	-
$	187,891 $	194,142 $	221,291 $	223,866 $	236,468 $	261,213
$	647,902 $	317,888 $	346,236 $	321,943 $	347,363 $	380,686
$	64,014 $	(351,307) $	(422,358) $	(464,885) $	(471,266) $	(455,702)
	69,353	61,250	89,951	82,628	73,030	90,970
$	133,367 $	(290,057) $	(332,407) $	(382,257) $	(398,236) $	(364,732)
$	165,284 $	170,967 $	177,412 $	202,028 $	224,172 $	236,841
	115,098	135,979	155,848	160,596	165,531	162,843
	23,669	26,240	30,864	25,086	19,708	22,483
	-	-	-	-	-	-
	22,048	21,468	23,193	22,429	22,205	22,489
	7,077	2,362	2,950	11,321	23,233	23,358
	943	(102)	(10,745)	6,083	8,071	(357)
	5,389	9,583	8,263	44,037	12,949	20,349
	-	-	-	-	-	-
	29,312	19,882	23,077	43,791	36,801	33,320
$	368,820 $	386,379 $	410,862 $	515,371 $	512,670 $	521,326
$	329 $	788 $	(7,303) $	10,792 $	22,662 $	15,856
	406	189	4,588	4,407	-	-
	-	-	-	-	3,500	-
	(28,696)	(19,882)	(23,077)	(43,791)	(36,801)	(33,320)
$	(27,961) $	(18,905) $	(25,792) $	(28,592) $	(10,639) $	(17,464)
$	340,859 $	367,474 $	385,070 $	486,779 $	502,031 $	503,862
$	432,834 $	35,072 $	(11,496) $	50,486 $	41,404 $	65,624
	41,392	42,345	64,159	54,036	62,391	73,506
$	474,226 $	77,417 $	52,663 $	104,522 $	103,795 $	139,130

CITY OF ARLINGTON, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)(In Thousands)

	Fiscal Year			
	2016	2017	2018	2019
General fund				
Nonspendable:				
Inventory	$ 1,265	$ 1,243	$ 1,231	$ 1,587
Prepaids	117	-	28	-
Committed to:				
Utility rate case	-	-	-	-
Capital projects	-	-	-	-
Assigned to:				
Encumbrances	8,515	8,794	-	-
Working capital	19,717	20,055	21,116	22,151
Subsequent years' expenditure	6,918	7,220	15,248	15,107
Compensated absences	1,402	1,299	1,537	1,363
Other post employment benefits	1,718	1,718	1,718	1,718
Landfill proceeds/future initiatives	17,151	17,151	17,151	17,151
Dispatch	830	987	600	717
Information technology	305	290	159	173
Telecommunications	-	-	-	-
Business continuity	4,062	4,062	4,062	4,062
Arbitrage	-	-	-	-
Infrastructure	-	-	-	-
Gas lease proceeds	-	-	-	-
Group Health	-	-	-	-
Event reserve trust fund	-	-	-	-
Unassigned	478	30	3,456	1,869
Total general fund	$ 62,478	$ 62,849	$ 66,306	$ 65,898
All Other Governmental Funds				
Nonspendable:				
Inventory	$ 237	$ 219	$ 231	$ 241
Prepaids	1,685	-	-	-
Restricted for:				
Debt Service	28,124	21,012	41,237	55,976
Capital projects	97,784	87,655	347,828	112,045
Special Revenue	26,453	90,872	24,407	25,351
Committed to:				
Capital projects	44,867	57,845	68,113	57,829
Special Revenue	73,800	5,669	21,884	26,051
Assigned to:				
Capital projects	-	-	-	-
Special Revenue	318	239	169	1,462
Unassigned	-	-	-	-
Total all other governmental funds	$ 273,268	$ 263,511	$ 503,869	$ 278,955

Source: City of Arlington Finance Department

2020	2021	2022	2023	2024	2025
$ 2,160	$ 2,314	$ 1,895	$ 1,582	$ 2,248	$ 2,585
5	-	-	-	124	22
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
20,426	20,099	24,032	29,495	29,887	31,758
11,440	14,536	21,393	20,545	21,063	25,443
1,561	1,531	1,287	1,450	1,675	1,841
1,718	1,718	1,717	1,718	1,718	1,718
17,151	17,151	17,151	17,151	17,151	17,151
617	1,021	1,874	2,437	1,332	1,605
232	436	1,010	2,139	4,212	2,043
-	-	-	-	-	-
4,062	4,062	4,062	4,062	4,062	4,062
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,350	4,850	8,350	8,350
11,238	24,400	6,645	1,109	6,010	5,921
$ 70,610	$ 87,268	$ 82,416	$ 86,538	$ 97,832	$ 102,499
$ 142	$ 214	$ 214	$ 212	$ 207	$ 210
-	-	-	-	-	-
63,286	38,067	60,305	58,197	85,698	32,785
127,058	144,809	200,893	235,422	240,483	192,123
30,539	46,840	79,816	55,718	59,237	70,269
27,252	3,601	1,749	6,992	6,774	3,762
32,553	35,619	23,291	21,362	10,750	7,216
-	-	-	-	-	-
1,847	2,111	5,498	8,736	10,399	11,375
-	-	-	-	-	-
$ 282,677	$ 271,261	$ 371,766	$ 386,639	$ 413,548	$ 317,740

CITY OF ARLINGTON, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)(In Thousands)

	Fiscal Year			
	2016	2017	2018	2019
REVENUES:				
Taxes:	$ 245,678	$ 260,653	$ 278,344	$ 301,400
Licenses and permits	9,063	9,662	9,278	9,955
Franchise fees	25,435	24,859	25,166	24,921
Fines and forfeitures	11,996	10,858	10,305	10,853
Leases, rents, and concessions	9,848	10,099	11,044	11,672
Service charges	22,089	20,252	22,071	25,073
Investment income	3,936	4,432	9,068	10,871
Net increase (decrease) in fair value of investment	(592)	(996)	(1,378)	3,283
Contributions	5,373	9,442	4,544	410,903
Intergovernmental	62,857	14,754	20,591	15,849
Gas lease	5,196	8,221	7,568	7,099
Miscellaneous	5,003	2,585	4,972	3,214
Total Revenues	405,882	374,821	401,573	835,093
EXPENDITURES:				
General government	45,692	46,945	52,520	49,480
Public safety	145,733	157,252	162,441	172,697
Public works	42,215	45,569	49,099	55,557
Public health	2,637	2,741	2,869	3,425
Public welfare	9,768	10,277	67,075	10,033
Parks and recreation	26,347	28,165	29,746	29,757
Convention and event services	8,283	13,640	16,036	15,110
Operating expenditures	-	-	-	-
Capital outlay	55,815	77,115	303,477	721,573
Debt Service:				
Principal retirement	60,500	35,190	38,630	35,605
Redemption premium	701	-	-	-
Interest and fiscal charges	24,119	22,571	34,427	42,751
Bond issuance cost	-	-	-	-
Total expenditures	421,810	439,465	756,320	1,135,988
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,928)	(64,644)	(354,747)	(300,895)
OTHER FINANCING SOURCES (USES):				
Leases issued	-	-	-	-
SBITA additions	-	-	-	-
Bonds issued*	64,585	64,550	524,684	60,820
Refunding bonds issued	47,365	128,440	-	-
Refunding bond principal		(172,000)	-	(5,862)
Bond premium	8,935	26,003	43,616	6,436
Payment of escrow for refunding	(53,710)	(8,752)	-	-
Gain on sale of land	-	-	-	-
Bond discount	-	-	-	-
Transfers in	90,512	51,980	70,623	49,605
Transfers out	(92,853)	(34,963)	(40,361)	(35,426)
Total other financing sources (uses)	64,834	55,258	598,562	75,573
NET CHANGE IN FUND BALANCES	$ 48,906	$ (9,386)	$ 243,815	$ (225,322)
Capitalized capital outlay	55,394	79,498	311,245	725,746
Debt service as a percentage of noncapital expenditures	23.1%	16.0%	16.4%	19.1%

Source: City of Arlington Finance Department

*** Note:** Bond issued includes general obligation bonds and certificates of obligation and commercial paper investment income includes net increase (decrease) in fair value of investments

	2020	2021	2022	2023	2024	2025
$	304,093	$ 334,071	$ 365,951	$ 389,051	$ 409,535	$ 422,206
	9,796	10,133	10,930	10,483	10,168	10,650
	22,048	21,468	23,193	22,429	22,205	22,489
	9,205	6,974	6,726	4,784	5,918	8,306
	12,252	12,744	15,251	18,249	16,608	18,681
	22,359	26,749	34,113	31,095	36,465	34,472
	6,504	2,200	2,805	11,092	22,472	22,149
	655	(126)	(11,152)	5,965	7,554	(427)
	380,662	4,136	4,068	2,200	2,950	2,128
	21,766	58,366	59,225	62,193	36,460	49,975
	3,973	4,647	9,255	6,720	2,278	3,114
	3,658	8,176	3,813	4,819	11,473	10,446
	796,971	489,538	524,178	569,080	584,086	604,189
	46,099	72,678	70,006	82,808	71,827	69,384
	178,796	162,639	166,838	197,636	222,323	230,331
	31,479	56,420	67,469	67,699	71,580	94,052
	2,987	2,572	3,150	3,695	4,458	2,993
	47,765	28,504	43,962	35,482	16,398	29,273
	28,886	27,970	32,776	39,397	37,076	38,877
	17,898	15,595	20,406	22,023	22,125	14,638
	-	-	-	-	-	-
	451,945	36,566	38,349	82,466	96,768	63,607
	35,920	87,640	51,150	107,794	67,367	147,160
	-	-	-	-	-	-
	44,910	45,828	44,390	35,378	46,136	46,270
	-	-	-	-	-	-
	886,685	536,412	538,496	674,378	656,058	736,585
	(89,714)	(46,874)	(14,318)	(105,298)	(71,972)	(132,396)
	-	-	-	-	-	1,047
	-	-	-	-	-	2,948
	232,216	40,145	92,745	59,959	75,849	8,230
			-	-	-	-
	(9,826)	(9,979)	-	14,715	7,685	-
	9,826	7,023	6,430	8,749	8,105	449
	(173,273)	-	(10,646)	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	67,230	62,893	68,889	78,999	77,487	68,974
	(27,449)	(47,966)	(47,447)	(38,129)	(52,295)	(40,393)
	98,724	52,116	109,971	124,293	116,831	41,255
$	9,010	$ 5,242	$ 95,653	$ 18,995	$ 44,859	$ (91,141)
	457,561	40,687	38,349	92,234	111,600	88,736
	18.8%	26.9%	19.1%	24.6%	20.8%	29.9%

CITY OF ARLINGTON, TEXAS Table 5
TAXABLE VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years (In Thousands)
(Unaudited)

Fiscal Year		Tax Year	Estimated Actual Value of Taxable Property: Real Property	Estimated Actual Value of Taxable Property: Personal Property	Total Taxable Value [1]	Total Direct Tax Rate
2016	*	2015	16,580,450	3,020,914	19,601,364	0.6480
2017		2016	18,575,013	2,804,068	21,379,081	0.6448
2018		2017	20,651,783	2,851,409	23,503,192	0.6398
2019		2018	23,037,575	2,884,307	25,921,882	0.6348
2020		2019	26,076,603	3,161,407	29,238,010	0.6240
2021		2020	26,769,744	3,266,890	30,036,634	0.6225
2022		2021	28,408,779	3,255,944	31,664,723	0.6198
2023		2022	32,326,479	3,410,832	35,737,311	0.5998
2024		2023	36,740,113	4,245,132	40,985,245	0.5898
2025		2024	38,758,564	4,108,849	42,867,413	0.5998

Sources:
City of Arlington Finance Department
Tarrant Appraisal District

Notes:
The City budgets tax revenue based on the tax valuation from the previous tax year.
[1] Taxable and estimated actual value of taxable property is obtained from the certified value as of September of each tax year including minimum estimated value of property under protest.
* 2016 certified values as of December's tax year.

CITY OF ARLINGTON, TEXAS Table 6
DIRECT AND OVERLAPPING PROPERTY TAX RATES (per $100 of assessed value)
Last Ten Fiscal Years
(Unaudited)

	City Direct Rates			Overlapping Rates						
Tax Year [1]	Operating/ General Rate	General Obligation Debt Service	Total Direct	Arlington Independent School District [2]	Fort Worth Independent School District [2]	HEB Independent School District [2]	Kennedale Independent School District [2]	Mansfield Independent School District [2]	Tarrant County [3]	Viridian Management District
2016	0.4538	0.1910	0.6448	1.39	1.35	1.32	1.49	1.51	0.65	0.45
2017	0.4409	0.1989	0.6398	1.37	1.35	1.26	1.48	1.54	0.63	0.45
2018	0.4428	0.1920	0.6348	1.37	1.35	1.27	1.45	1.54	0.61	0.45
2019	0.4467	0.1773	0.6240	1.30	1.28	1.22	1.35	1.46	0.62	0.45
2020	0.4085	0.2140	0.6225	1.39	1.38	1.20	1.34	1.45	0.62	0.45
2021	0.4098	0.2100	0.6198	1.36	1.34	1.16	1.30	1.42	0.61	0.45
2022	0.4030	0.1968	0.5998	1.31	1.28	1.11	1.23	1.33	0.61	0.45
2023	0.4080	0.1818	0.5898	1.12	1.06	0.92	1.14	1.15	0.53	0.45
2024	0.4146	0.1852	0.5998	1.10	1.06	0.97	1.14	1.15	0.51	0.46
2025	0.4446	0.1852	0.6298	1.09	1.03	1.03	1.14	1.15	0.49	0.52

Sources:
City of Arlington Finance Department
Tarrant Appraisal District

Notes:
[1] The City budgets tax revenue based on the tax valuation from the previous tax year. For example, the rates in 2024 determine revenue for fiscal year 2025.
[2] A single property owner's total tax rate would only include one independent school district's (Arlington, Fort Worth, Hurst-Euless-Bedford, Kennedale, or Mansfield) tax rate.
[3] Includes the tax rates for Tarrant County, Tarrant Regional Water District, Tarrant County Hospital, and Tarrant County College.

CITY OF ARLINGTON, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Ten Years Ago
(Unaudited)

Table 7

FY2025			FY2016		
Taxpayer	Total Taxable Value	Percentage of Total City Taxable Value[1]	Taxpayer	Total Taxable Value	Percentage of Total City Taxable Value[2]
General Motors LLC/General Motors Co	$ 363,382,963	0.85 %	General Motors LLC	$ 320,535,964	1.64 %
Loews Hotels Holding Corporation	307,860,000	0.72	Wil-CPT Arlington Highlands 1LP	180,490,513	0.92
Oncor Electric Delivery Co LLC	246,081,488	0.57	Parks at Arlington LP	161,938,140	0.83
Parks at Arlington LP	178,099,349	0.42	Oncor Electric Delivery Co. LLC	143,498,483	0.73
United Parcel Service Inc/Bt-Oh LLC	175,746,568	0.41	Lincoln Square Dunhill LP	115,597,422	0.59
Atmos Energy/Mid Tex Division	165,996,283	0.39	Six Flags Fund II Ltd.	100,837,024	0.51
Big Zilla Dev of Texas LLC/Autosales Inc.	150,697,047	0.35	LSREF3 Bravo (Dallas) LLC	75,414,000	0.38
CPT Arlington Highlands 1 LP	141,406,258	0.33	Wal-Mart Stores Texas LLC/Real Estate	68,433,720	0.35
Hart Arlington TX LLC	114,838,374	0.27	DFW Midstream Services LLC	65,259,545	0.33
Big Box Property Owner C LLC	113,568,150	0.26	Providence Apartments LLC	55,000,000	0.28
Total	$ 1,957,676,480	4.57 %	Total	$ 1,287,004,811	6.56 %
Total Assessed Valutation	$ 42,867,412,701	100 %	Total Assessed Valutation	$ 19,601,363,251	100 %

Sources:
City of Arlington Finance Department
Tarrant Appraisal District
Municipal Advisory Council of Texas

Notes:
[1]Taxpayers are assessed January 1, 2024 (2024 tax year) for the 2025 fiscal year.
[2]Taxpayers are assessed January 1, 2015 (2015 tax year) for the 2016 fiscal year.

CITY OF ARLINGTON, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Table 8

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Collected Within the Fiscal Year of the Levy		Collections Related to Prior Years [1]	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2016	124,591,144	123,750,524	99.33	559,351	124,309,875	99.77
2017	134,181,351	133,179,070	99.25	640,737	133,819,807	99.73
2018	146,675,357	145,497,705	99.20	1,029,167	146,526,872	99.90
2019	159,006,103	157,799,647	99.24	378,277	158,177,924	99.48
2020	173,123,630	171,641,052	99.14	(116,753)	171,524,299	99.08
2021	180,533,780	179,138,820	99.23	(41,297)	179,097,523	99.20
2022	187,661,342	186,434,621	99.35	(145,978)	186,288,643	99.27
2023	202,978,970	201,618,836	99.33	220,093	201,838,929	99.44
2024	225,558,777	223,768,015	99.21	(705,751)	223,062,264	98.89
2025	238,123,105	236,466,994	99.30	(415,934)	236,051,060	99.13

Source:
Tarrant County Tax Office

Notes:
Negative collections to prior years are due to refunds exceeding collections.
[1] Prior year collections exclude penalty and interest.

CITY OF ARLINGTON, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Table 9

	Governmental Activities					Business-Type Activities						
Fiscal Year	General Obligation Bonds	Certificates of Obligation[1]	Special Tax Revenue Debt [2]	SBITA	Leases	Water and Sewer Revenue Bonds	Stormwater Bonds	SBITA	Leases	Total Primary Government	Percentage of Total Taxable Value	Estimated Population	Per Capita [3]	Percentage of Personal Income
2016	$ 307,231,000	$ 62,490,000	$ 156,570,000	$ -	$ 9,403,000	$ 173,125,000	$ 19,860,000	$ -	$ -	$ 728,679,000	3.72%	383,899	1,897	0.75%
2017	341,307,000	61,430,000	128,229,000	-	9,692,100	207,079,000	$ 27,493,000	-	-	775,230,100	3.63%	388,225	1,992	0.79%
2018	367,669,000	60,595,000	625,932,000	-	10,109,500	241,475,000	$ 31,797,000	-	-	1,337,577,500	5.69%	392,462	3,400	1.25%
2019	390,273,000	61,085,000	622,408,000	-	8,591,900	335,072,000	$ 36,970,000	-	-	1,454,399,900	5.61%	395,477	3,670	1.30%
2020	581,276,000	64,875,000	616,494,000	-	3,437,000	310,399,000	$ 45,480,000	-	-	1,621,961,000	5.55%	394,266	4,105	1.37%
2021	577,579,000	57,580,000	568,685,000	-	3,038,000	337,548,000	$ 51,828,000	-	-	1,596,258,000	5.31%	393,420	4,050	1.27%
2022	623,380,000	51,055,000	570,803,000	-	2,921,000	339,575,000	$ 59,240,000	-	-	1,646,974,000	5.21%	399,560	4,122	1.24%
2023	641,993,000	44,430,000	525,306,000	2,934,000	1,838,000	315,747,000	$ 59,261,000	-	-	1,591,509,000	4.60%	405,420	3,926	1.11%
2024	678,218,000	31,930,000	516,903,000	5,787,000	4,657,000	321,139,000	$ 64,811,000	392,000	-	1,623,445,000	3.95%	411,167	3,949	n/a
2025	619,810,000	34,200,000	411,205,000	5,759,000	3,529,000	361,546,000	$ 73,233,000	40,000	-	1,509,282,000	3.44%	413,955	3,562	n/a

Sources:
City of Arlington Finance Department

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[1] Certificates of Obligation include Tax and Revenue certificates.
[2] Special Tax Revenue Debt include Venue debt and TIRZ5 Bonds from 2022 to 2025
[3] See Table 13 for personal income and population data.

CITY OF ARLINGTON, TEXAS Table 10
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

	General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligations	Available Resources Restricted for Repayment of Debt (Fund Balance)	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property [1]	Per Capita [2]	Estimated Population [2]
2016	307,231,000	62,490,000	(2,260,181)	367,460,819	1.87%	957	383,899
2017	341,307,000	61,430,000	(2,767,737)	399,969,263	1.87%	1,030	388,225
2018	367,669,000	60,595,000	(2,988,983)	425,275,017	1.81%	1,084	392,462
2019	390,273,000	61,085,000	(3,566,517)	447,791,483	1.73%	1,132	395,477
2020	581,276,000	64,875,000	(2,935,009)	643,215,991	2.20%	1,631	394,266
2021	577,579,000	57,580,000	(4,374,131)	630,784,869	2.10%	1,603	393,420
2022	623,380,000	51,055,000	(3,445,344)	670,989,656	2.12%	1,679	399,560
2023	641,993,000	44,430,000	(926,780)	685,496,220	1.92%	1,691	405,420
2024	678,218,000	31,930,000	(1,276,549)	708,871,451	1.73%	1,724	411,167
2025	619,810,000	34,200,000	(3,194,328)	650,815,672	1.52%	1,572	413,955

Source:
City of Arlington Finance Department

Notes:
Details regarding the city's outstanding debt can be found in the notes to the financial statements.
[1] See Table 5 for property value data.
[2] See Table 13 for per Capita and population data.

CITY OF ARLINGTON, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2025
(Unaudited)

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Arlington ISD	$ 1,224,080,000	83.01%	$ 1,016,108,808
Fort Worth ISD	1,561,440,000	0.27%	4,215,888
Hurst-Euless-Bedford I.S.D.	813,765,000	8.66%	70,472,049
Kennedale I.S.D.	98,815,025	55.68%	56,008,356
Mansfield I.S.D.	1,260,570,000	28.66%	361,279,362
Tarrant County	314,050,000	16.00%	50,248,000
Tarrant County College District	547,535,000	16.00%	87,605,600
Tarrant County Hospital District	431,255,000	16.00%	69,000,800
Viridian Municipal Management	293,560,000	100.00%	293,560,000
Subtotal overlapping debt	6,545,070,025		2,008,498,864
*City of Arlington, Net Debt Outstanding	1,074,503,000	100.00%	1,074,503,000
Total direct and overlapping debt	$ 7,619,573,025		$ 3,083,001,864

Sources:
City of Arlington Finance Department
Municipal Advisory Council of Texas

Note:
*City of Arlington's Net Debt Outstanding includes General Obligations, Certificate Obligations, Special Tax Revenue, TIRZ5, Leases, SBITA, Premium, Discount, and Pension Obligation Bonds.

CITY OF ARLINGTON, TEXAS
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(In Thousands)
(Unaudited)

Table 12

	Waterworks and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues [1]	Less: Operating Expenses [2]	Net Available Revenue [3]	Average Annual Requirement	Times Coverage [4]
2016	131,086	78,839	52,247	10,559	4.95
2017	138,007	86,631	51,376	12,651	4.06
2018	155,958	85,204	70,754	14,744	4.80
2019	155,189	87,754	67,435	19,514	3.46
2020	165,047	84,722	80,325	18,874	4.26
2021	169,901	98,894	71,007	19,401	3.66
2022	192,877	93,963	98,914	19,316	5.12
2023	191,636	102,098	89,538	18,186	4.92
2024	196,590	112,749	83,841	18,713	4.48
2025	215,711	119,800	95,911	21,839	4.39

	Storm Water Utility				
Fiscal Year	Total Revenues [1]	Less: Operating Expenses [2]	Net Available Revenue [3]	Average Annual Requirement	Times Coverage [4]
2016	13,575	3,430	10,145	1,720	5.90
2017	15,011	3,441	11,570	1,786	6.48
2018	16,384	3,903	12,481	2,026	6.16
2019	18,014	3,597	14,417	2,328	6.19
2020	19,650	4,908	14,742	2,716	5.43
2021	20,526	4,273	16,253	3,060	5.31
2022	22,072	4,593	17,479	3,520	4.97
2023	24,355	4,872	19,483	3,580	5.44
2024	27,838	5,865	21,973	3,979	5.52
2025	27,929	5,961	21,968	4,641	4.73

Source:
City of Arlington Finance Department

Notes:
[1] Revenue determined on the full accrual basis and includes nonoperating interest.
[2] Total expenses less depreciation and bond interest.
[3] Gross operating revenues (1) less expenses (2).
[4] Net revenue available for debt service (3) divided by average annual debt service requirement.

CITY OF ARLINGTON, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years
(Unaudited)

Table 13

Year	Estimated Population [1]	Personal Income [2] (thousands of dollars)	Per Capita Personal Income [2]	Median Age [3]	School Enrollment [4]	Unemployment Rate [5]
2016	383,899	96,909,978	48,050	33	63,210	3.8%
2017	388,225	97,639,160	47,525	33	62,181	3.9%
2018	392,462	106,829,236	51,239	33	61,076	3.5%
2019	395,477	112,046,590	53,292	34	59,900	3.4%
2020	394,266	118,090,622	55,615	34	59,532	6.8%
2021	393,420	125,334,153	58,940	35	56,840	6.1%
2022	399,560	133,502,348	62,586	33	56,311	3.9%
2023	405,420	143,561,087	65,765	33	56,167	3.8%
2024	411,167	N/A	N/A	35	54,750	3.8%
2025	413,955	N/A	N/A	N/A	53,339	4.0%

Sources:
[1] North Central Texas Council of Governments and City of Arlington Finance Department
[2] Bureau of Economic Analysis (BEA) - Tarrant County
[3] U.S. Census Bureau - Arlington
[4] Texas Education Agency (AISD)
[5] Bureau of Labor Statistics Data (Annual Average Oct.-Sept.)

Notes:
N/A - Data not available

CITY OF ARLINGTON, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Ten Years Ago
(Unaudited)

Table 14

2025

Employer	Type of Business	Employees[1]	Percentage of Total City Employment
General Motors Co.	Automobile Assembly and Financial	10,500	4.63%
Arlington Independent School District	Public Education	8,600	3.79%
University of Texas at Arlington	Higher Education	8,600	3.79%
Texas Health Resources	Health Care	4,000	1.76%
Six Flags Over Texas	Amusement Park	3,900	1.72%
City of Arlington	Municipality	3,700	1.63%
The Parks at Arlington	Retail	3,500	1.54%
Texas Rangers Baseball Club	Sports/Entertainment	2,300	1.01%
J.P. Morgan-Chase	Banking Services	2,000	0.88%
Texas Health Arlington Memorial Hospital	Health Care	1,700	0.75%
Total		**48,800**	**21.50%**

2016[2]

Employer	Type of Business	Employees[3]	Percentage of Total City Employment
Arlington Independent School District	Public Education	8,200	4.11%
University of Texas at Arlington	Higher Education	5,300	2.66%
General Motors	Automobile Assembly	4,484	2.25%
Texas Health Resources	Health	2,063	2.04%
Six Flags Over Texas	Amusement Park	3,800	1.90%
The Parks at Arlington	Retail	3,500	1.75%
GM Financial	Financial Services	2,965	1.49%
City of Arlington	Municipality	2,509	1.26%
JP Morgan Chase Bank	Banking Services	1,965	0.99%
Texas Rangers Baseball Club	Major League Baseball & Hockey	1,881	0.94%
Total		**36,667**	**19.39%**

Sources:
1 - City of Arlington Economic Development Department
2 - Municipal Advisory Council of Texas
3 - Bureau of Labor Statistics

Notes:
FY2025 Labor Force Estimate is 227,013
FY2016 Labor Force Estimate is 199,484

CITY OF ARLINGTON, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2016	2017	2018
Strategic Support			
Communication and Legislative Affairs	41	41	41
City Attorney's Office	38	39	38
City Manager's Office	3	3	3
Internal Auditor's Office	5	5	5
Human Resources	21	21	26
Judiciary	7	7	6
Municipal Court	43	43	40
Information Technology	56	58	58
Finance	35	35	35
Document Services	8	8	8
Economic Development & Capital Investment			
Economic Development	4	4	4
Planning and Development Services[1]	68	70	72
Convention and Events Services	31	31	31
Strategic Initiatives	-	-	-
Business Outreach	-	-	-
Transportation[2]	-	-	-
Aviation Fund[3]	9	9	9
Neighborhood Services			
Police	835	839	846
Fire	357	357	383
Communication Services Fund	113	111	111
Code Compliance Services	64	64	64
Park and Recreation	106	108	108
Park Performance Fund	74	85	86
Library	68	68	68
Capital Investment			
Public Works & Transportation	85	87	87
Street Maintenance Fund	92	92	92
Asset Management[4]	-	-	-
Fleet Services Fund	1	1	1
Water Utilities Fund	204	202	198
Storm Water Utility Fund	27	29	30
Grant Funds[5]	125	150	167
Total	2,520	2,567	2,617

Source:
City of Arlington Finance Department

Notes:
[1]Real Estate Services was moved from Planning and Development to Economic Development for FY19
[2]Transportation was moved from Public Works and included in Aviation Fund in FY23
[3]Fixed-Based Operator (FBO) was added to Aviation Fund and Aviation Fund was moved from Transportation in FY24
[4]Code was moved to Asset Management in FY25
[5]American Rescue Plan Grant added to Grant Funds in FY22

Fiscal Year						
2019	2020	2021	2022	2023	2024	2025
41	41	41	46	46	46	46
38	38	38	39	39	39	39
3	3	3	4	4	4	4
5	5	5	5	5	5	5
26	26	26	27	25	26	25
6	6	6	6	6	6	6
39	39	38	37	36	35	35
58	58	58	58	63	67	67
36	36	37	39	40	42	43
8	8	8	5	5	5	5
10	10	10	10	11	11	4
58	61	62	65	66	72	74
31	31	30	30	30	30	30
9	9	9	9	7	6	14
-	-	-	4	4	4	4
-	-	-	-	13	5	5
9	9	9	9	-	26	26
859	879	897	906	911	915	925
387	392	395	393	400	442	478
111	111	111	113	113	113	113
67	68	66	68	71	74	-
109	116	115	116	116	128	149
86	88	91	93	96	99	96
68	68	68	68	68	70	70
54	54	54	54	54	54	53
92	92	92	92	92	92	92
32	33	33	35	40	40	90
1	1	1	1	1	1	2
205	205	205	216	218	236	246
31	32	37	38	38	40	40
156	117	118	172	179	183	218
2,635	2,636	2,663	2,758	2,797	2,916	3,004

CITY OF ARLINGTON, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year		
Function/Program	2016	2017	2018
Public safety			
Police			
Number of employees	835	839	846
Number of dispatch calls	136,069	134,451	124,669
Fire			
Number of employees	357	357	383
Number of service calls	42,325	43,897	44,654
Parks and recreational			
Parks - program registrations[1]	57,405	40,124	44,341
Memberships	29,468	25,560	27,686
Library			
Libraries	7	7	7
Collection size	630,315	609,403	524,746
Average monthly circulation	181,812	172,019	171,228
Water and sewer			
Number of accounts	102,193	102,757	103,333
Average daily water consumption (gallons)	46,160,656	51,091,670	53,780,000
Ozonated treatment capacity (gpd)	172,500,000	172,500,000	172,500,000
Number of sewer connections	100,387	100,932	101,463
Golf Course			
Number of clinics	39	29	21
Number of participants in clinics	348	208	243
Number of private lessons	1,664	1,477	1,031

Source:
City of Arlington Finance Department

Notes:
[1]Parks: Starting in 2024 Program Registration count changed from offered registrations to actual registrations.

Fiscal Year						
2019	2020	2021	2022	2023	2024	2025
859	879	897	906	910	915	935
183,650	161,396	110,985	109,192	113,560	110,674	103,406
387	392	393	393	400	442	478
46,457	43,971	54,170	57,292	55,308	58,177	49,197
50,617	4,128	6,776	6,180	6,320	150,000	-
54,846	40,355	56,519	47,789	55,631	63,592	-
7	7	7	7	7	7	7
555,102	503,197	584,991	546,710	535,549	454,302	508,927
171,375	137,411	138,115	156,625	156,222	138,398	102,623
104,140	105,180	105,884	106,517	107,407	107,663	107,853
49,498,917	50,500,417	50,339,124	57,607,000	56,053,000	53,268,000	52,629,000
172,500,000	172,500,000	172,500,000	172,500,000	172,500,000	172,500,000	172,500,000
102,266	103,328	104,028	104,590	105,508	105,725	105,912
28	4	10	15	17	12	14
188	15	122	146	145	134	130
1,022	935	1,069	988	920	786	1,029

CITY OF ARLINGTON, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year		
Function/Program	2016	2017	2018
Public safety			
Police stations	4	4	4
Fire stations	17	17	17
Miles of streets and alleys			
Streets- paved (lane miles)	3,277	3,350	3,419
Sidewalks (miles)	1,057	1,069	1,094
Cultural and recreational			
Parks (acres) (golf courses included)	4,714	4,718	4,718
Swimming pools	7	7	7
Tennis courts	45	44	44
Pickleball courts	-	-	-
Recreation centers[1]	4	4	4
Miles of park trails[2]	54	55	55
Sports fields-youth	77	77	77
Basketball courts-outdoors[3]	21	26	26
Number of golf courses	4	4	4
Water and Sewer			
Water mains (miles)	1,589	1,596	1,620
Fire hydrants	11,120	11,280	11,405
Sanitary sewers (miles)	1,317	1,332	1,343

Source:
City of Arlington Finance Department

Notes:
[1]Recreation Centers include a Tennis Center and 2 Rental Centers.
[2]Dirt trails included starting 2022
[3]Hoops counted instead of courts 2020-2021

Fiscal Year						
2019	2020	2021	2022	2023	2024	2025
4	4	4	4	4	4	4
17	17	17	17	17	17	17
3,458	3,503	3,540	3,567	3,602	3,015	3,010
1,103	1,112	1,119	1,128	1,133	1,097	1,098
4,718	4,714	4,595	4,607	4,603	4,626	4,626
7	7	7	7	7	7	9
44	49	45	41	41	41	41
-	-	-	11	11	8	14
4	5	5	7	7	7	10
56	56	46	85	84	112	112
77	77	77	73	73	124	124
26	66	97	21	22	23	23
4	4	4	4	4	4	4
1,654	1,666	1,652	1,456	1,465	1,468	1,475
11,595	11,683	11,766	10,128	10,251	10,317	10,372
1,356	1,317	1,323	1,249	1,257	1,259	1,262

CITY OF ARLINGTON, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES
Last Ten Fiscal Years
(In Thousands)
(Unaudited)

Table 18

Fiscal Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1/2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) UAAL as a Percentage of ACP (4/5)	(7) Total TMRS Required Contribution Rate	(8) Prior Service Portion of the TMRS Rate
2016	939,247	1,086,413	86.5%	147,166	154,372	95.3%	15.73%	6.27%
2017	984,568	1,136,502	86.6%	151,934	160,575	94.6%	15.58%	6.51%
2018	1,036,661	1,189,337	87.2%	152,676	169,628	90.0%	15.79%	6.54%
2019	1,084,556	1,249,596	86.8%	165,040	177,549	93.0%	15.81%	6.54%
2020	1,144,057	1,317,330	86.8%	173,273	185,842	93.2%	16.13%	6.87%
2021	1,357,258	1,374,220	98.8%	16,962	192,070	8.8%	16.82%	7.26%
2022	1,440,888	1,443,560	99.8%	2,672	192,053	1.4%	10.17%	0.59%
2023	1,488,582	1,522,226	97.8%	33,644	203,775	16.5%	9.65%	0.10%
2024	1,545,798	1,582,797	97.7%	36,999	226,088	16.4%	10.74%	1.16%
2025	1,616,903	1,664,549	97.1%	47,646	246,695	19.3%	11.70%	1.21%

Source: City of Arlington Finance Department